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28 January 1982

## WEST EUROPE REPORT

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## RAPIDLY DETERIORATING ECONOMY TO CHALLENGE NEW GOVERNMENT

## Foreign Debt Worse Than Depression

Copenhagen BERLINGSKE TIDENDE in Danish 23 Nov 81 pt III p 2

[Article by Frank Dahlgaard]

[Text] Denmark's foreign debt is, at present, increasing by 37 million kroner per day, and we are well on our way to breaking both historical and international records in borrowing. Our foreign debt now corresponds to the cash value of the entire Danish agricultural sector.

Denmark's foreign debt has become strikingly large, and it is still increasing at an alarming rate.

In mid-1981, our net foreign debt passed 100 billion kroner. On the basis of a very conservative estimate, the foreign debt at the end of this year may be put at 105 billion kroner, corresponding to 20,588 kroner per inhabitant--infants and pensioners included. (This foreign debt figure does not even take into account the greatly increasing rate of exchange of the dollar, the effect of which will probably be that approximately 10 billion kroner will have to be added to the foreign debt of 105 billion kroner.)

Denmark has incurred its big foreign debt by operating with a permanent balance of payments deficit since 1963: year by year, we have spent more money than we earned ourselves through our industrial production. Incidentally, Denmark has been pursuing this policy of economic deficit throughout most of the past 110 years. Since 1870 we have had a balance of payments surplus for 37 years only but a deficit for as many as 74 years.

## Historical Background

The foreign debt of 105 billion kroner today is equivalent to more than 30 percent of the national product in 1981. That means that our foreign debt corresponds to 4 months' total production in Denmark.

The graph shows the developments of our foreign debt in relation to the national product since 1870. As appears from the graph, Denmark has had a constant net foreign debt since 1918. Apart from the years 1916-1918, Denmark has actually been a borrowing nation ever since 1890!

As will be seen, Denmark has previously had a larger foreign debt than the one which we have today. During the period 1870-1910, we had a practically constant balance of payments deficit. The result was that our net foreign credit balances dwindled and changed into a net foreign debt as of 1890.

In 1910, our foreign debt had reached 843 million kroner, equivalent to more than 40 percent of the national product. At the time, we thus owed nearly 6 months' total production abroad. In Parliament, this enormous debt gave rise to a heated debate like the one we are experiencing today. Also at that time, Denmark had to maintain a particularly high interest rate to attract the necessary capital, and also at that time voices were heard urging that imports be curbed.

#### War Rescued Country

As shown in the graph, Denmark was at the time rescued from the economic brink by World War I, during which period we built up enormous foreign credit balances with nations at war. In a few years, our foreign debt was settled and replaced by net credit balances abroad of the magnitude of 20 percent of the national product. However, World War I was hardly over when the country started going through its foreign assets. The surplus was again changed into a deficit, and Denmark very quickly again became a borrowing nation.

#### Sensible Deficit

A study of the graph leads to the discouraging conclusion that Denmark has largely been reducing its foreign debt during times of war (both during World War I and World War II) as well as during times of depression (the thirties and the fifties). During periods of economic upswing, we have been operating with exchange deficits and increasing foreign debts.

Economists today largely agree that the heavy borrowing by Denmark until 1910, on the whole, was sensible. For the money was, to a large extent, spent on investments and development of the production apparatus, both in agriculture and industry.

Similarly, it may be said that the borrowing during the early sixties was of a sensible nature in that the industrial sector was expanded with a view to a larger future production. In the seventies, however, the foreign exchange deficits and the growing foreign debt were, first and foremost, caused by a large consumption, especially within the public sector. Incurring such debts is, of course, neither reasonable nor acceptable.

We are now in the historical situation that we are experiencing a depression and a low rate of economic growth but, nevertheless, a heavily increasing foreign debt.

In the early sixties, Denmark had virtually no foreign debt, but since then our debt has increased to the present level of upwards of 30 percent of the national product, or 20,588 kroner per Dane.

Our foreign debt is, at present, increasing by 37 million kroner per day, equivalent to a daily increase in the debt per Dane of 7.25 kroner. This increase in our debt is due solely to interest payments on the foreign debt already incurred.

In other words, our entire foreign exchange deficit today consists of interest payments on our foreign debt. In other words, we are borrowing to meet our interest payments.

If this trend continues, we may run the risk of breaking our own historical record in indebtedness from 1910.

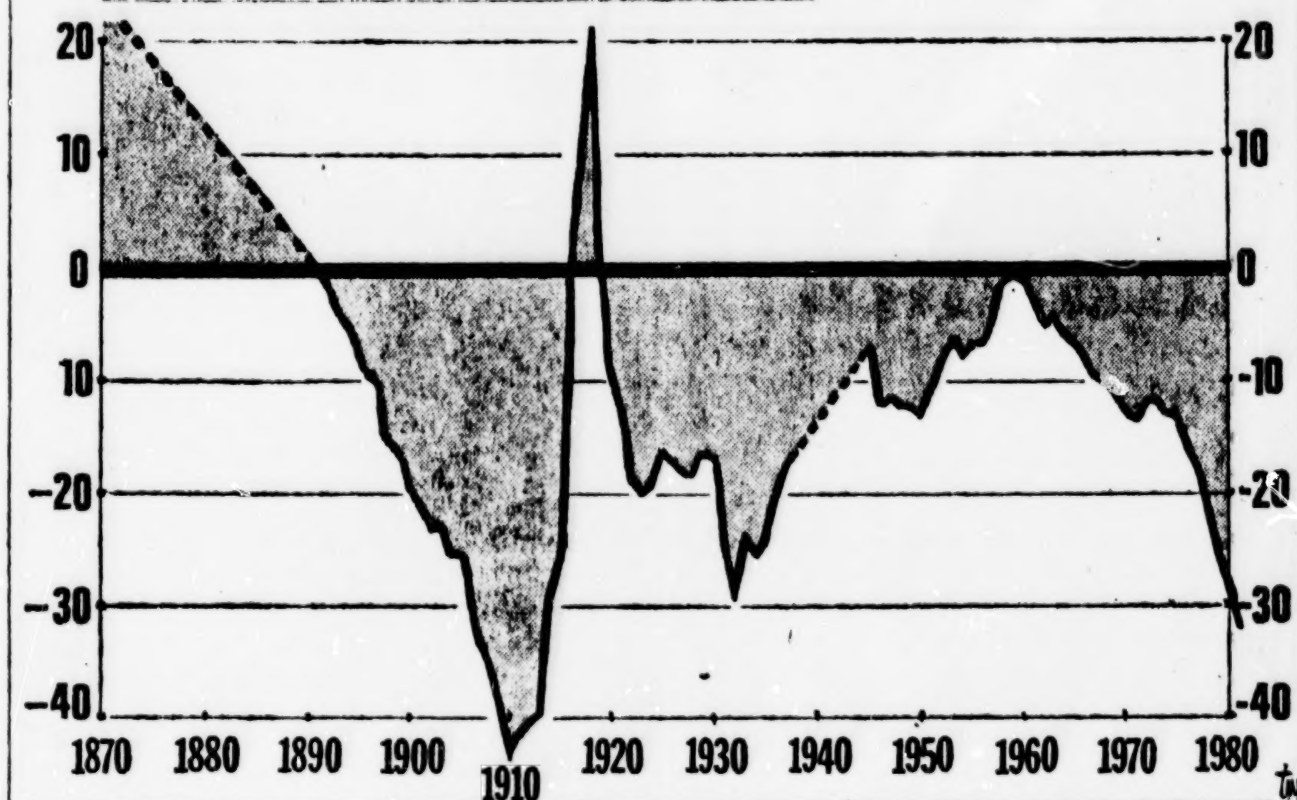
#### Most Heavily Indebted Nation in World

A comparison between our foreign debt and our export production (which, in actual fact, must repay our debt) shows that our foreign debt today is equivalent to nearly 75 percent of our total annual export earnings. We thus owe 9 months of export production abroad.

Interest payments on our foreign debt alone today amount to 9 percent of our total export earnings.

In comparison with other developed industrial nations, only Norway today has a heavier foreign debt in kroner per inhabitant than Denmark. However, on account of the Norwegian foreign exchange surplus, the Norwegian foreign debt is being rapidly reduced while our debt is growing. In a few years, Denmark, therefore, will be the most heavily indebted nation in the West.

(1) **Danmarks gæld til udlandet  
i procent af nationalproduktet 1872-1981**



Apart from a few years during World War I (1916-1918), Denmark has had foreign debts throughout this century. As appears from the graph, we have previously been more heavily indebted than we are now, but with the present development, we shall soon be setting historical records in indebtedness. Source: Business Economics Department of BERLINGSKE TIDENDE.

Key:

- (1) Denmark's foreign debt as a percentage of national product 1872-1981



## Government Abandoning Austerity Plan

Copenhagen BERLINGSKE TIDENDE in Danish 2 Dec 81 pt III p 2

[Article by Frank Dahlgaard]

[Text] Completely without the public noticing it, the Social Democratic Party is rapidly abandoning its own austerity plan which requires a zero growth rate within the public sector and a reduction of the real income of the average Dane also in 1982. BERLINGSKE TIDENDE analyzes, in this article, the economic development during the past 2 years.

In April of last year, the Social Democratic government presented an austerity plan which, since then, has been the basis for the entire economic policy. This austerity plan has, all the time, been widely supported by all responsible parties within the Folketing.

The austerity plan of the government aims at a gradual reduction of the foreign exchange deficit, leading to a balance of payments equilibrium in the late eighties. Only by this means will a basis be created for a lasting improvement in the employment situation, the program points out quite correctly. The austerity plan shows in rather precise figures how this goal may be attained:

- (1) Our competitiveness must be improved by 2-3 percent annually during the coming years. This requires that Danish export prices, on an annual basis, increase by 2-3 percent less than the commodity prices of our foreign competitors. This implies, in turn, that Danish wage costs increase by 6-7 percent less annually than wage costs abroad, when calculated in the same currency.
- (2) The available real wages, i.e. the purchasing power of wages after taxes, will have to be reduced by 1-2 percent annually for the average wage-earner during the coming years. Only from 1983 will it be possible to put a stop to the reduction in the consumption possibilities.
- (3) The growth in the expenditure within the public sector will, in the course of 3-4 years, have to be reduced to a zero growth level, cf. figures in first column of graph.

### Nonsocialist Policy

These three objectives were set by the government in April of 1980, and expert observers were greatly astonished. For it was a question of regular nonsocialist politics. The fact that the Social Democratic Party would, at all, consider presenting such an austerity plan goes to show the extent to which Denmark has got into economic difficulties.

What, then, has been the economic development during the past 2 years in relation to the government's targets in respect of the economic development?

The graph provides the answer.

From 1979 to 1981, an improvement in the competitiveness of 2-3 percent on an annual basis did, indeed, take place--thus approximately 5 percent in the course of the 2 years in question. This improvement in the competitiveness is partly due to the government's and the Folketing's own efforts (devaluation, non-payment of 3-4 installments of cost-of-living increments, zero position of price index, etc.), partly to the relatively moderate labor agreements for 1981. However, the improved competitiveness is also, to a large extent, due to the automatic devaluation of the krone, resulting from the soaring dollar and pound sterling rates of exchange this year. There is thus a good measure of luck involved in the improved competitiveness.

#### Real Wages Down

When it comes to lowering the real wages of the individual wage-earner after taxes, the requirement of a reduction of 1-2 percent annually was more than fulfilled during the period 1979-1981, cf. graph: instead of a drop of 3 percent, there was a drop in real wages after taxes of as much as 8 1/2 percent (source: report of Economic Secretariat, October 1981).

This drastic drop in real wages after taxes is, first and foremost, due to the fact that the inflation in wages in the course of 1980 and 1981 dropped appreciably more than had been expected by the government. The development caused the Danish Trades Union Congress to demand a stop to further reductions of real wages, but the government and its economists declined to meet these demands as late as in the spring of 1981. The reason given was that oil prices had increased at a higher rate than had been expected, and that the rate of economic growth abroad had become lower than assumed. It, therefore, was necessary to continue the reduction in real wages by 1-2 percent annually also in 1982, it was said.

#### Zero Growth Rate in Public Sector

In contrast to the two former objectives, the government certainly has not been able to meet the objective of checking the growth within the public sector. This failure was, indeed, recognized openly by the government in its own Budget Report of May 1981. However, at the same time, a number of more or less acceptable explanations were given as to why it was not possible to fulfill the objective of a lower growth rate within the public sector.

In the course of 1981, it has become increasingly clear that the Social Democratic Party does not dare to stick to its own economic action program. As late as in the Financial Report of 1980, it adhered to the objective of an early zero growth rate in the public sector:

"It will be necessary for the reduction in the growth rate of the total expenditure of the public sector to continue in order to secure a zero growth rate in the total expenditure of the public sector within the next few years." (Page 48 of the Financial Report.)



### Rapidly Abandoning Original Target

Since then this target has not been known to have been repeated. On the contrary, the government has started talking about a two-pronged expenditure policy, involving larger public expenditures in certain areas (energy, transport, etc.). At the same time, a large number of public expenditures have been eliminated from the growth framework (see graph) which was set up in April of 1980. The artificial creation of jobs by the government has thus been kept outside the framework, which has become increasingly undermined.

Today, it is a reality that the Social Democratic Party is in headlong flight away from its original target of a zero growth rate within the public sector. However, it is only 21 months since Knud Heienesen announced on TV, for the first time, that, without a zero growth rate within the public sector, the welfare society would be jeopardized.

### Danish Trades Union Congress Won

On 11 November 1981, the Social Democratic Party began abandoning another of the three main objectives of its original austerity plan: the objective of a continued drop in real wages after taxes throughout 1982 as well.

On page 17 of the so-called SDP plan, it now says that "the real wages after taxes for people with ordinary incomes must be maintained at the present level."

What kind of improvement in the Danish economy justifies this kind of reduction of the demands on the economic policy?

The answer probably is that the government, both in respect of the question of a zero growth rate within the public sector and in respect of the real wages of the citizens, has yielded to the demands on the part of the bosses of the Danish Trades Union Congress.

Now it is only left for the Social Democratic Party to reduce its demand on the competitiveness in order for the impressive austerity plan of April of 1980 to be reduced to rubble.

GOVERNMENT'S AUSTERITY PROGRAM OF APRIL 1980--AND ACTUAL DEVELOPMENT

TWO YEARS WITH ANKER JØRGENSEN	TARGETS OF GOVERNMENT	ACTUAL DEVELOPMENT
1. Increase in production of goods and services	10%	10%
2. Increase in employment	10%	10%
3. Increase in real wages	10%	10%
4. Increase in real income	10%	10%
5. Increase in real consumption	10%	10%
6. Increase in real savings	10%	10%
7. Increase in real investment	10%	10%
8. Increase in real government expenditure	10%	10%
9. Increase in real government revenue	10%	10%
10. Increase in real government deficit	10%	10%
11. Increase in real government debt	10%	10%
12. Increase in real government assets	10%	10%
13. Increase in real government liabilities	10%	10%
14. Increase in real government equity	10%	10%
15. Increase in real government income	10%	10%
16. Increase in real government expenditure	10%	10%
17. Increase in real government revenue	10%	10%
18. Increase in real government deficit	10%	10%
19. Increase in real government debt	10%	10%
20. Increase in real government assets	10%	10%
21. Increase in real government liabilities	10%	10%
22. Increase in real government equity	10%	10%
23. Increase in real government income	10%	10%
24. Increase in real government expenditure	10%	10%
25. Increase in real government revenue	10%	10%
26. Increase in real government deficit	10%	10%
27. Increase in real government debt	10%	10%
28. Increase in real government assets	10%	10%
29. Increase in real government liabilities	10%	10%
30. Increase in real government equity	10%	10%
31. Increase in real government income	10%	10%
32. Increase in real government expenditure	10%	10%
33. Increase in real government revenue	10%	10%
34. Increase in real government deficit	10%	10%
35. Increase in real government debt	10%	10%
36. Increase in real government assets	10%	10%
37. Increase in real government liabilities	10%	10%
38. Increase in real government equity	10%	10%
39. Increase in real government income	10%	10%
40. Increase in real government expenditure	10%	10%
41. Increase in real government revenue	10%	10%
42. Increase in real government deficit	10%	10%
43. Increase in real government debt	10%	10%
44. Increase in real government assets	10%	10%
45. Increase in real government liabilities	10%	10%
46. Increase in real government equity	10%	10%
47. Increase in real government income	10%	10%
48. Increase in real government expenditure	10%	10%
49. Increase in real government revenue	10%	10%
50. Increase in real government deficit	10%	10%
51. Increase in real government debt	10%	10%
52. Increase in real government assets	10%	10%
53. Increase in real government liabilities	10%	10%
54. Increase in real government equity	10%	10%
55. Increase in real government income	10%	10%
56. Increase in real government expenditure	10%	10%
57. Increase in real government revenue	10%	10%
58. Increase in real government deficit	10%	10%
59. Increase in real government debt	10%	10%
60. Increase in real government assets	10%	10%
61. Increase in real government liabilities	10%	10%
62. Increase in real government equity	10%	10%
63. Increase in real government income	10%	10%
64. Increase in real government expenditure	10%	10%
65. Increase in real government revenue	10%	10%
66. Increase in real government deficit	10%	10%
67. Increase in real government debt	10%	10%
68. Increase in real government assets	10%	10%
69. Increase in real government liabilities	10%	10%
70. Increase in real government equity	10%	10%
71. Increase in real government income	10%	10%
72. Increase in real government expenditure	10%	10%
73. Increase in real government revenue	10%	10%
74. Increase in real government deficit	10%	10%
75. Increase in real government debt	10%	10%
76. Increase in real government assets	10%	10%
77. Increase in real government liabilities	10%	10%
78. Increase in real government equity	10%	10%
79. Increase in real government income	10%	10%
80. Increase in real government expenditure	10%	10%
81. Increase in real government revenue	10%	10%
82. Increase in real government deficit	10%	10%
83. Increase in real government debt	10%	10%
84. Increase in real government assets	10%	10%
85. Increase in real government liabilities	10%	10%
86. Increase in real government equity	10%	10%
87. Increase in real government income	10%	10%
88. Increase in real government expenditure	10%	10%
89. Increase in real government revenue	10%	10%
90. Increase in real government deficit	10%	10%
91. Increase in real government debt	10%	10%
92. Increase in real government assets	10%	10%
93. Increase in real government liabilities	10%	10%
94. Increase in real government equity	10%	10%
95. Increase in real government income	10%	10%
96. Increase in real government expenditure	10%	10%
97. Increase in real government revenue	10%	10%
98. Increase in real government deficit	10%	10%
99. Increase in real government debt	10%	10%
100. Increase in real government assets	10%	10%

## COMPETITIVENESS

1979-1981: + 5%                      + 5%

AVAILABLE REAL  
WAGES OF INDIVIDUAL  
WAGE EARNER

1979-1981: - 3% - 8 1/2%

### GROWTH RATE OF EXPENDITURE WITHIN PUBLIC SECTOR

1979-1980:	+ 3%	+ 3.1%
1980-1981:	+ 2%	+ 2.8%
1981-1982:	+ 1%	+ 2.8%
1982-1983:	0%	? %

In April of 1980, the Social Democratic government presented its austerity program, scheduled to remain in force for several years, which program, in precise figures, indicated the principal means of reestablishing order in the Danish economy. The above figures show the three targets of the government in relation to the actual developments in 1980 and 1981.

Sources: SMATRYK NO 13 B of the Budget Department, April 1980, as well as various subsequent publications from the Budget Department.

## SDP, Center-right Plans Almost Same

Copenhagen BERLINGSKE TIDENDE in Danish 3 Dec 81 pt III p 2

[Article by Frank Dahlggaard]

[Text] The election campaign gives the erroneous impression that there is a fundamental disagreement on the economic policy between the Social Democrats on the one side and the Center Right on the other. The truth is, however, that the SDP and Center-Right plans agree on all of the essential main issues. The problem is that the Social Democratic Party has started disagreeing with itself.

A total of 99 percent of the Danish electorate feels absolutely convinced that there is a deep and fundamental disagreement between the Social Democratic Party on the one side and the Center Right on the other side on the question of the economic policy. The sharp statements, mutual accusations and juggling with figures in the election campaign are bound to leave the impression among the general public of profound disagreement.

Nevertheless, it is a fact that, in decisive areas, the economic plan presented by the Social Democratic Party (the SDP plan) and the plan of the Liberals and Conservatives (the Center-Right plan) are almost the same:

### Broad Agreement

Both parties are agreed on the objective, viz. to have the balance of payments deficit reduced toward equilibrium, in order to provide the basis for a higher rate of employment. Both the SDP plan and the Center-Right plan operate with the same principal means to attain this goal: strengthening of the competitiveness abroad. Both parties agree that this must take place through restraints in the area of wage increases during the coming years as well as through a reduction of taxes within the industrial sector. Both the Social Democrats and the Center Right present in their economic plans a large number of concrete proposals for tax relaxations and measures to aid the trades and industries, and several of these proposals contained in the two plans coincide directly.

Both the SDP plan and the Center-Right plan talk about the necessity of reducing the growth rate of expenditure in the public sector. Neither of the plans--thus also not the Center-Right plan--aims at undertaking absolute cuts in the total public sector. Under both plans, the number of employees within the public sector will be larger in 1985 than now. Naturally, the Center-Right plan operates with the biggest reduction of the growth rate within the public sector during the coming years, but the sector will thus continue to grow. The difference between the two plans in this area may thus be said to be a difference of degree--there is no fundamental difference.

### Center-Right Plan Concrete

It is characteristic, however, that the Center-Right plan is far more concrete and clear than the SDP plan on the question of how exactly to improve the Danish competitiveness and how exactly to check the growth within the public sector.

According to the Center-Right plan, the competitiveness must be strengthened through changes in the system of daily benefits as well as through reductions of direct income taxes. According to the Center-Right, these changes will lead to a rate of wage increase which, during the coming years, will be 4 percent lower than otherwise (thus, for example, an annual wage increase rate of 6 percent instead of 10 percent.) Together with the proposed reductions of taxes paid by non-residents to the municipality in which their income is earned, this will lead to a marked improvement in the Danish competitiveness.

The SDP plan is very unprecise on the question of competitiveness. It suffices it to say that the government will discuss a continued reduction of the wage inflation with the parties of the labor market. No concrete measures are mentioned.

#### Cards on Table

The same thing holds true of retrenchments within the public sector. The Center-Right plan indicates concretely where and how much to save, whereas the SDP plan suffices it to stress that retrenchments must take place. It contains no concrete proposals as to where the axe must be used.

On the other hand, the SDP plan talks about a two-pronged expenditure policy, where one prong is thus the general statements of intent to effect savings while the other prong consists of increased public expenditure. In the latter (popular) area, the SDP plan is concrete: natural gas investments, advance of date of electrification of the Danish Railways on Zealand, energy projects, recycling projects, etc.

It is clear that, against this background, it is considerably easier for the Social Democratic Party to criticize the Center-Right plan (for the unpopular but necessary measures) than it is for the Center Right to attack the SDP plan. The Social Democratic Party has chosen to keep secret about all concrete ideas of unpleasant measures, whereas the Center-Right plan puts the cards on the table more openly.

This difference in tactics, however, should not conceal the decisive fact that all responsible parties in the Folketing until now are actually in general agreement on the economic policy strategy to be pursued.

#### No Help

As for any major disagreement, it probably is mainly a question of disagreement within the government party itself. For, as pointed out by BERLINGSKE TIDENDE yesterday, there are indications that the Social Democratic Party is in the process of abandoning its own austerity program from April of 1980, in which program it announced a reduction in real wages, a zero growth rate within the public sector and improved competitiveness abroad.

This is a development which it is worth following closely, for once the Social Democratic Party really starts discountenancing its own strategy of April of 1980, it will be a question of an actual disagreement within the Folketing also on the main lines of the economic policy.

During the election campaign so far, the parties have spent much time telling voters how the economic plan of the opponent will increase the rate of unemployment and the indebtedness abroad directly contrary to the objectives.

Here, unfounded assertions, demagoguery and the misuse of figures have, unfortunately, been given free rein because the experts have shut up like oysters. Both the economists within the Budget Department and the independent Economic Council have stated that they do not want to get involved in the dog fight of the election campaign. From here, the voters thus do not get any help in trying to evaluate the effects of the two economic plans.

The actual numerical and technical discussions on the exact effects on the economy of different concrete measures of intervention are probably also of less interest. In respect of the decisive main lines, there still seems to be broad agreement on the economic policy. To the voters, it, therefore, to a large extent, is a question in which of the parties one has the greatest confidence when it comes to implementing the industrial policy, the competition policy and the retrenchment policy.

#### New Folketing's Major Concern

Copenhagen BERLINGSKE TIDENDE in Danish 9 Dec 81 pt III p 5

[Article by Frank Dahlgaard: "Economy Main Task of Folketing"]

[Text] Wages in Denmark are anew increasing at a faster rate than abroad, and, at the same time, there are many indications that the dollar and pound sterling rates will continue to drop. Both things cause a reduction of the Danish competitiveness which had just become relatively favorable.

The main task of the newly elected Folketing will be to rebuild the Danish economy. More people must become employed, at the same time as the reduction of the balance of payments deficit must continue.

A large majority of the newly elected Folketing agree that this task can only be solved permanently in one way, viz. through a continued improvement of the Danish competitiveness abroad. Only by making Danish products less expensive than those abroad shall we be able to secure a foothold in the export markets, and thus create the basis for a higher rate of production and a higher rate of employment.

Denmark's competitiveness abroad is dependent on many factors, but especially two factors are here of crucial importance: (1) The increase in Danish wage costs compared with those abroad and (2) the development in the rate of exchange of the Danish krone in relation to foreign currencies.

Well Done

During the last 2 years, our competitiveness has become markedly improved, partly because the Danish wage inflation rate has been lower than previously, but especially because the Danish krone has been devalued by 15-16 percent since 1979.



Part of the devaluation of the krone was the result of our own active intervention at the end of 1979, but a considerable part of the devaluation was given to us as a free present on the strength of the increasing dollar and pound sterling rates of exchange.

These circumstances have had the effect that Danish wage costs (converted to a common currency), during the last 2 years, have risen at a rate that is nearly 14 percent below the rate of increase in wage costs among our foreign competitors. It is because of this fact that both the independent Economic Council and the governor of the Central Bank have lately been optimistic in their statements on the Danish economy.

#### Alarm to Be Given

Against this background, there is every reason to give the alarm to the newly elected Folketing. For the fact is that things are again going in the wrong direction, as far as Denmark's competitiveness is concerned:

Danish wages are again increasing at a faster rate than wages abroad, and the rate of exchange of the Danish krone is, at the same time, increasing again concurrently with the falling dollar rates in the foreign exchange markets. In other words, we are in full swing jeopardizing the improved competitiveness which we had built up laboriously in 1979-1980.

The graph shows that the Danish wage increase rate reached its peak in the spring of 1980 with upwards of 13 percent on an annual basis, whereupon the wage inflation rate dropped markedly until February of 1980. From October 1980 to March 1981 our wages actually increased at a lower rate than wages abroad, cf. graph.

However, things are now again going in the opposite direction: the wage inflation rate in Denmark is increasing while it continues to drop off abroad. In West Germany, wages are in 1982 likely to increase by 3-4 percent only, and in Sweden by 6-7 percent only. Even in Great Britain, wage increases of only 8-9 percent are expected next year. By way of comparison, Danish wages are likely to increase by approximately 11 percent in 1982 unless measures of intervention are taken.

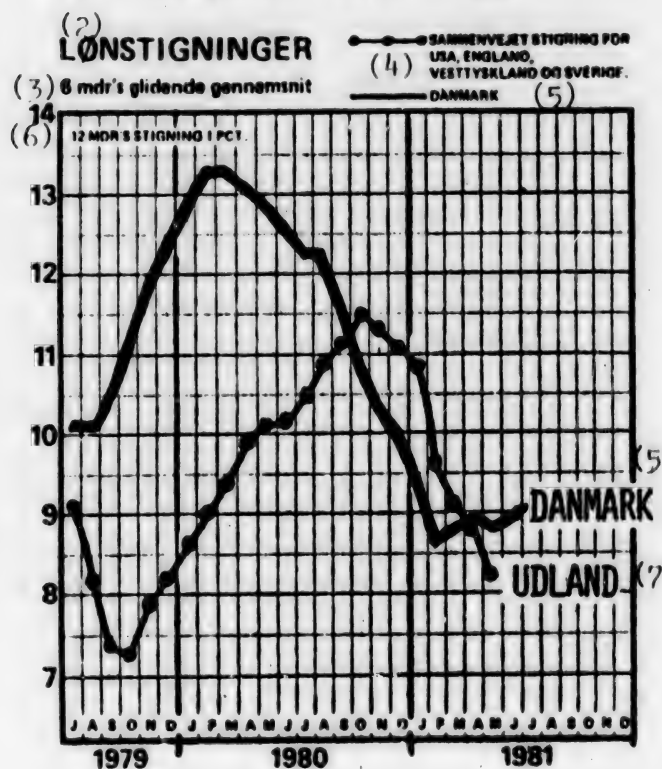
#### Alternative Measure

It is, therefore, concluded that in order to take effective measures in respect of the wage inflation, it will be necessary to devalue the krone in the spring of 1982 to keep our competitiveness at the same level. Such an isolated devaluation, however, will make imports more expensive and increase the costs of living, which, in turn, will lead to new wage demands. And, in this way, Denmark may be brought into a destructive race between wages, prices and declining krone rates.

An alternative measure might, for example, be to cancel the three cost of living increments which will probably be released in 1982, and, in turn, omit implementing the package of new indirect taxes in the amount of 1.4 billion kroner.



# LØNSTIGNINGS-TAKTEN I DANMARK (1) OG I UDLANDET 1979 - 1981



These are the trends in the rates of wage increases in Denmark and abroad since 1979. Source: Market Report, November 1981, by the Commercial Bank.

## Key:

1. Wage increase rate in Denmark and foreign countries 1979-1981
2. Wage increases
3. 6 months' moving average
4. Combined increase for the United States, Great Britain, West Germany and Sweden.
5. Denmark
6. Twelve months' increase in percentages
7. Foreign countries

## Paper Comments on Economy Task

Copenhagen BERLINGSKE TIDENDE in Danish 15 Dec 81 p 12

[Text] The major economic policy task with which the government and the Folketing will be faced after the election will, of course, be the same one as before. It will be a question of preparing a policy which, on the somewhat longer view, may lead to a simultaneous reduction of the balance of payments deficit and of the unemployment rate. Irrespective of the number of political views which may be expressed in the present government negotiations, it is a fact that the economic policy has but relatively few applicable means to secure the necessary development.

In this connection, there may be reason to state one's agreement with the statement by the chairman of the independent Economic Council in BERLINGSKE TIDENDE last Sunday to the effect that the decisive thing will now be a policy to improve the international competitiveness of our trades and industries. A policy of that kind cannot be brought about through so-called financing reforms or special interest subsidies, but it will have to involve, among other things, a reduction of the sharp wage increase which is likely to occur in 1982. Such a reduction may, in practice, only take place through intervention in the automatic payments of cost of living increments as was the case in December of 1979. It is to be assumed that an understanding of intervention of that nature may be created in wide circles of wage-earners since its implementation will improve the employment possibilities of wage-earners.

In addition to a policy to improve the competitiveness, it is important to provide a basis of resources for the necessary expansion in private industry. That presupposes, for example, that the labor force will not, to a steadily increasing extent, be tied to the public sector through appointments and transfers of incomes. It may be correct at this point of time where there is idle capacity to carry through a number of public investments which will not, to a considerable extent, later on involve increased operational expenditures. But it has not been very expedient for municipalities and counties to try to limit their investment activity while the working expenses within the public sector continue to increase.

In the aggregate, it must be deemed necessary to stop the entire growth within the public sector over a relatively short period of time in order to create the basis for industrial growth. The condemned Overall Plan 82 of the Liberals and the Conservatives did, however, contribute considerably to checking the growth in the public consumption of resources. The parties--such as the Center Democrats, the Christian People's Party and the Radical Liberal Party--which have been anxious to dissociate themselves from the plan now owe the general public an explanation how they want to stop the growth within the public sector. The necessity to solve that task should not be neglected during the juggling with words at Christiansborg [Parliament].

## Competitiveness Gains Being Lost

Copenhagen BERLINGSKE TIDENDE in Danish 15 Dec 81 pt III p 2

[Article by Frank Dahlgaard]

[Text] Unless the politicians intervene, Denmark will be in great danger of losing the competitiveness gains that have been achieved with difficulty over the last 2 years.

It is the economists of the Federation of Danish Industries who, in a new economic prognosis for 1982, give the alarm to the politicians in Parliament:

Since mid-1981 there has been an impairment of the competitiveness of our industries which has obviated part of the gains which were obtained in the course of the preceding 1-2 years. Without intervention, there is a considerable risk that Denmark's competitiveness will deteriorate further in the course of 1982.

The economists of the Federation of Danish Industries state that the drop in the dollar rate may very well continue and lead to an actual revaluation of the Danish krone. At the same time, there is a risk that the rate of wage increases in Denmark will again become faster than the one abroad. Both circumstances will contribute to a deterioration of our competitiveness. The economists of the Federation of Danish Industries state with clear reference to the Folketing:

"Denmark will, therefore, get into a situation where special efforts on the part of the government, the Folketing and the parties in the labor market will be needed just to maintain the competitiveness at its present level."

### Gloomy Figures

The Federation of Danish Industries, however, fastens upon the fact that the Center Right plan and the SDP plan are based on a continuous improvement of Danish competitiveness.

Given an unchanged level of competitiveness in 1982 (which thus requires intervention) and given unchanged tax and indirect tax rates, the industrial economics expect a fairly unchanged rate of unemployment in 1982 of approximately 240,000 persons, corresponding to approximately 9 percent of the entire labor force.

From 1981 to 1982, an additional 30,000 people are expected to become employed within the public sector, while the number of jobs within the private sector is expected to remain unchanged.

A survey included in the industrial prognosis shows that since 1979 the number of employees within the public sector has increased by 93,000 persons, whereas the employment rate within the private sector during the same period has dropped by 73,000 persons.

The balance of payments deficit, which, this year, has been put at 12 billion kroner, is expected to increase to 14 billion kroner in 1982.

After 2 years of direct decline in the private consumption, an increase of 2 percent is expected from 1981 to 1982. The public consumption will, at the same time, increase by 3 1/2 percent, which is an unchanged level in relation to 1980-1981. Investments within the trades and industries will increase by 4 percent next year, but this is solely due to increasing investments in the energy sector. The actual investments in the trades and industries will continue to drop in 1982. Housing construction is expected this year to drop to only 18,000 started housing units, but, here, 20,000 housing starts are expected next year.

7262

CSO: 3106/34

## NORTH SEA STORM FELLS TEN MILLION TREES

Copenhagen BERLINGSKE TIDENDE in Danish 26 Nov 81 p 3

[Article by Ib Christensen]

[Text] Storm damage will cause great economic hardship for many of the nation's almost 600 private forest owners. The Danish Forestry Association can say that already even though it will be a week at least before the forestry branch can expect a preliminary survey of the extent of the damage.

The hurricane-like storm caused the worst damage to Danish conifer forests in many years. Cautious estimates yesterday were that the storm had toppled and broken around 1 million cubic meters of wood, which correlates to roughly almost 10 million trees. However deciduous forests came through the storm somewhat better with little damage.

There will be many storage problems resulting from the large number of damaged trees and there will be surpluses and big losses for many forest owners who were already hard-pressed. It will take a week before the forestry branch has a preliminary estimate of the extent of the damage and its consequences but the toppled trees represent a value of several hundred million kroner.

The economic loss forest owners will suffer depends to a large extent on whether a similar amount of damage was done to forests in northern Germany and in southern and central Sweden, Danish forestry's biggest competitors. If so big price drops can be expected.

State forest supervisor Wage Sorensen of the Forestry Agency estimates that 400,000 cubic meters of trees were downed in state forests alone, corresponding to more than a whole year's harvest. He estimated that the figure would come to between 1 and 1.2 million cubic meters in all. In Sjaelland the greatest damage occurred in Grib Forest where 100,000 cubic meters of trees were downed during the storm. That represents 3 years of lumbering.

The association of private forests, the Danish Forestry Association, estimated that 300-400,000 cubic meters came down in the almost 600 private forests. In a similar storm a year ago 150,000 cubic meters came down in the same area. The storm damage corresponds to a half year of cutting in the private forests.

The Danish Forestry Association said that no insurance covered the forest owners but that in such catastrophes it is possible to obtain some tax relief. Under any circumstances there will be many big losses. In Rold Forest in northern Jutland 200,000 cubic meters of forest came down.

The many downed trees have created open areas in the forests which are very vulnerable in the event of new storms. In contrast to previous storms this one brought down large quantities of small trees. The areas hardest hit were by and large those that escaped a similar storm in 1967-68.

By far the greatest damage occurred in the northern districts of the country from the Silkeborg district north, northern Sjaelland and Bornholm. There will be an enormous clean-up operation in the weeks ahead. The forestry branch does not expect the country's sawmills to suffer losses.

6578

CSO: 3106/35



## FOREIGN FIRMS WEIGH PURCHASE OF FELLED TREES

Copenhagen BERLINGSKE TIDENDE in Danish 17 Dec 81 Pt III p 5

[Text] It does not appear that Danish forest owners will have any problem getting rid of the large number of storm-felled conifers. Buyers from West Germany, Norway, Sweden and Finland have sent a steady stream of inquiries to the Danish Forestry Association concerning the purchase of substantial quantities.

## Entirely Dependent on Support

The Danish Forestry Association says that against this background there is reason to feel some optimism but at the same time warned private forest owners against agreeing to price cuts. German buyers in particular have tried to force forest owners to sell at loss prices.

But even though it looks as if the trees can be sold at normal market prices with no difficulty forest owners will not avoid economic losses. According to the Danish Forestry Association forest owners will suffer a large economic blow unless the new government appropriates extensive financial support for the branch in the form of state-guaranteed loans, interest subsidies and substantial tax relief.

## Loss on Split Trees

Some of the losses will occur because trees have been broken in two or are split along their entire length. This renders conifers unsuitable for standard use and they must be sold to the chipboard and cellulose industry at substantially lower prices. For example a well-developed tree trunk used for timber can bring the forest owner around 400 kroner, depending on its dimensions.

If the trunk is split the price drops all the way down to around 140 kroner. And the Danish Forestry Association estimates that close to 1.5 million trees are split while the organization has no figures on the number of broken trees. In addition, due to the damage the wood will be harder to process and it will be subject to quality deterioration, a problem that will have to be borne by forest owners.

## Taxes the Main Problem

Selling the 2.8 million cubic meters of trees will be the least of the problems, said the Danish Forestry Association which said tax questions are the major problem. Only if all the support wishes presented are approved in the new parliament can forest owners escape with limited losses, for there will be losses under any circumstances, according to the association.

For example thinning of the undamaged forest areas will be neglected during the clean-up operation which will mean lower yields in the long run.

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CSO: 3106/35

## DECLINE IN AGRICULTURE'S ECONOMY CONTINUES

Copenhagen BERLINGSKE AFTEN in Danish 20 Nov 81 p 3

[Article by Troels Aagaard]

[Text] Top agricultural leaders and the minister of agriculture needed a scapegoat this past week. They have been unable to check the agricultural downturn as they had hoped and promised. The scapegoat was agriculture's own credit fund which--in connection with yet another interest deferral arrangement after the political decision-making process ground to a halt for several months due to the calling of a parliamentary election--would not immediately step in and save the 1000-1500 farm families threatened with forced auctions when the December payments fall due.

Some 1500 farm families will get a 4-month respite on the December payment date. That was the result of a committee meeting of DLR--the Danish Agricultural Real Credit Fund--with the president of the Agricultural Council, H. O. A. Kjeldsen, having threatened in advance to leave the committee unless DLR agreed to an interest deferral arrangement along with the other credit associations.

Prior to the last committee meeting DLR had been in the pillory as the one concerned party that would not help save the threatened farm families. Anger was not diminished by the fact that in a manner of speaking DLR is the farmers' own credit fund.

DLR director Erik Krogstrup could not understand the outbursts against DLR from both farm leaders and the minister of agriculture.

"It looks as if the government and the leadership needed someone to drag to the scaffold because so far they have been unable to do what they had promised. In addition to that the upcoming parliamentary election will halt long-range planning for a couple of months."

Sources close to the Agricultural Council confirmed director Krogstrup's explanation.

By 1 October more than 1200 farms had been sold at forced auctions in 1981. The fact that parliament will be unable to make decisions for the next 2 months could

have led to another 1500 farms being forced on the auction block after the December payment date.

#### Known Forced Auctions of Farm Property

Property values are shown in millions of kroner.

<u>Quarter</u>	<u>1979</u>		<u>1980</u>		<u>1981</u>	
	<u>Number</u>	<u>Property Value</u>	<u>Number</u>	<u>Property Value</u>	<u>Number</u>	<u>Property Value</u>
1st quarter	41	33	79	85	319	338
2d quarter	25	12	97	90	454	466
3d quarter	36	33	148	154	345	439
4th quarter	57	43	268	245		
Total	159	121	592	574		

Parliament will be recalled for an extraordinary meeting in the middle of the election campaign to take up the interest deferral arrangement which everyone expects to be approved on the recommendation of the Finance Committee.

The credit association with the biggest outstanding loans to Danish agriculture is the Jutland Credit Association with 300 million kroner. The Denmark Credit Association has 100 million kroner outstanding while the United Credit Association has 70 million kroner outstanding. The figure for DLR is 150 million kroner.

In contrast to DLR the regular credit associations have first priority on debts outstanding. In other words DLR risks losing relatively more money by entering into an interest deferral arrangement on a par with other credit associations. That is the reason for the misgivings at DLR.

According to the document parliament's Finance Committee will discuss this week, the state will offer an 80 percent guarantee for the December interest payments that fell due last year. The other 20 percent must be made up by the credit associations.

The problem for the credit associations is that under the Registration Act they can grant up to 1 year's delay--the year that runs out in December--after which the associations must demand a forced sale of the farm in question unless they want to kiss their money goodbye. In principle after this year the credit associations go to the bottom of the priority list, which in practice means that the money is lost.

Therefore the state is intervening. The almost 200 million kroner the arrangement will "cost" will be taken from unused funds in the already approved debt liquidation arrangement. In response to the state guarantee of 80 percent of the

December payment the credit associations are to refrain from demanding forced auctions until 1 April when the arrangement runs out.

A month ago the Agricultural Ministry along with pension funds, banks, insurance companies and others presented a thick report on the financing problems in agriculture. The report does not give any concrete announcement as to how agriculture can overcome its problems again but is a catalogue of ideas within a broad political spectrum.

Officials with the Agricultural Ministry have not yet received policy response statements from the parties and regard work on long-range planning as having come to a halt until a new parliament is elected.

Deep skepticism has been expressed from several quarters about the prospect of solving agriculture's problems by 1 April.

#### Effective Interest Rates 1970-1980, Percent Per Year

EFFEKTIVE RENTESATSER 1970 - 1980, PCT. P. A.				
(1)	Den gennemsnitlige effektive obligations- rente	(2) Penge- institutternes kassakreditrente	(3) Landbrugets lån i kreditfore- ningerne	(4) Landbrugets lån i DLR
1970	11.8	-	12.6	14.7
1971	11.5	-	12.4	13.3
1972	11.6	-	12.1	13.0
1973	14.3	12.2	14.3	15.0
1974	15.1	15.2	16.9	17.3
1975	13.1	13.3	14.8	15.3
1976	16.2	14.4	16.3	17.2
1977	17.5	15.2	17.7	18.3
1978	18.2	14.0	18.3	18.2
1979	18.1	14.7	18.3	18.2
1980	18.8	18.5	20.0	20.7

Key:

1. Average effective interest on bonds
2. Money institutes' cash credit interest
3. Agricultural loans in credit associations
4. Agricultural loans in Danish Agricultural Real Credit Fund

6578

CS0: 3106/35

## BRIEFS

CURRENCY RESERVES DROP--Denmark's currency reserves dropped in December 1981 by 2 billion kroner. At the same time public loan transactions and private capital flows effected a capital import of 200 million kroner. The figures were published by the National Bank yesterday. The total international liquidity at the end of the year amounted to 20.9 billion kroner. That is 4.8 billion kroner less than when the balance sheet was made up at the end of 1980. The National Bank calls attention to the fact that no exchange-rate adjustment of the National Bank's and the financial institutes' currency holdings has been made yet in the balance figures for December 1981. The private financial institutes' net indebtedness to the National Bank was brought down by 2.5 billion kroner in December to 1 billion kroner. The increased liquidity was due to net payments that exceeded state financing, while the National Bank's sale of currencies and the seasonal increase in circulation of notes and currency had a liquidity-reducing effect. The limits of the financial institutes' borrowing from the National Bank to 25 percent of their share capital were used during the October quarter of 1981 as a whole to the extent of about one third, while the deposit limits were almost fully used. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 6 Jan 82 p 3] 8815

MINIMAL STORM DAMAGE TO FARMS--Farms and nurseries rode out the storm without any big catastrophes but there was still some damage, especially to nurseries. Kurt Laenkholm general secretary of the Danish Professional Gardeners' Association, told BERLINGSKE TIDENDE that there was a great deal of material damage but that production was affected only to a limited extent. "Several hundred thousand square meters of greenhouses were hit by the storm and had the glass blown out. But nurserymen around the country handled the situation by simply turning up the heat until the damage could be repaired. It cost a lot in terms of oil but if this had happened in January the consequences would have been enormous," said Kurt Laenkholm. Secretariat chief Jorgen Skovbaek of the Agricultural Association said agriculture got off lightly in view of the imminent danger of storm runoff and flooding. "Of course there has been regular storm damage, the kind covered by insurance, around the country. Most big farms handled the loss of power with emergency plants or by letting tractors drive milking machines," said Jorgen Skovbaek. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 26 Nov 81 p 3] 6578



## COST-OF-LIVING ADJUSTMENTS FORMULA EXPLAINED

Athens EPIKAIRA in Greek No 699, 24-30 Dec 81 p 22

[Text] Almost a week after the prime minister's announcement the "model" of the automatic cost-of-living adjustments (ATA), was shaped with additions and explanations by those responsible.

In its final form it will function as follows:

The cost-of-living adjustment, which will be granted every four months, will be calculated on the earnings at the of each four-month period. Essentially, the increase of the first four-month period of 1982 will be based on the rate of inflation during that period and will be calculated on the earnings of 1 January (which will be figured after the addition of the complementary increase analyzed below) and will be added to them in order to obtain the earnings as of 1 May. At the end of the second four-month period, the percentage of increase will be based upon the income as of 1 May in order to figure the new salary for 1 September and so on.

Before we mention some examples, we must bear in mind that the complementary increase of 1 January consists of the supplement to the December earnings of the civil servants by the following amounts, as announced by the prime minister:

Up to	20,000	5,000 drachmas
" "	25,000	4,500 drachmas
" "	30,000	4,000 drachmas
" "	35,000	3,500 drachmas
" "	40,000	3,000 drachmas
" "	45,000	2,500 drachmas
" "	50,000	2,000 drachmas

## Examples

And now, some examples in order to substantiate all of this.

First example: Suppose that by 1 January in addition to the above complementary increase, the monthly earnings of a civil servant have reached the amount of 35,000 drachmas (without overtime and the temporary personal subsidy). If the cost-of-living increases by six per cent during the four-month period, January-May, this employee will receive a cost-of-living increase of 2,100 drachmas ( $35,000 \times .06$ ).

Second example: If on 1 January the monthly earnings of another employee have been set at 45,000 drachmas, this employee will receive an increase for the portion of his salary up to 35,000 drachmas (in other words, he will get all the cost-of-living increase which is, as we said, six per cent) and for the balance of his salary (10,000 drachmas), the increase will be calculated at one-half the percentage of the cost-of-living ( $10,000 \times .03$ ) = 300 drachmas, totaling 2,400 drachmas based on the 45,000 drachmas.

As is known, the statements of the prime minister mentioned that the cost-of-living increase is applied in its entirety for the earnings up to 35,000; at one-half for that portion of earnings from 35,000 to 55,000 drachmas; at one-quarter from 55,000 to 80,000 drachmas; and no increase over the latter amount.

Third example: If the monthly earnings of a third employee have reached 65,000 drachmas by 1 January, this employee will receive a cost-of-living increase of 2,100 drachmas for the portion of his salary up to 35,000 ( $35,000 \times .06$ ); 600 drachmas for the portion of his salary between 35,000-55,000 drachmas ( $20,000 \times .03$ ); and 150 drachmas for the portion of his salary between 55,000-65,000 drachmas ( $10,000 \times .015$ ), giving a total of 2,850 drachmas.

Thus the earnings of 1 May are figured.

Supposing that during the second four-month period (May-August) the inflation percentage again reaches six per cent, then this percentage will be calculated in the same way on the earnings as of 1 September.

In other words, the increases will be calculated cumulatively every four months. The same will occur during the third four-month period of 1982 in order to figure the earnings as of 1 January 1983. At the same time, a special permanent body is being formed for the purpose of preparing a new, representative price index of common earnings and it will, at the same time, check on the faithful application of the automatic cost-of-living adjustment system.

In the meantime, the cost to the public finances of salary adjustments for the civil servants, while they have not been defined by the government, is estimated to be, by former Minister of Finance Evert, "17 billion drachmas out of the 29 billion set for this year's increases." He also pointed out that the "increases announced by the government as far as cost-of-living is concerned, cover only one third of the civil servants (that is, approximately 51,000) provided inflation in 1982 is kept at the 25 per cent level."

Other parties point out that the cost-of-living adjustments must go hand-in-hand with the contribution of the workers to the increase in gross national product.

A system for granting similar increases to the pensions of retired government employees (civilian, military, and war victims) is being studied. As Minister of Finance Drettakis explained, "perhaps existing injustices in certain categories of pensioners will be corrected."

## In the Private Sector

The cost-of-living adjustment in the private sector of the economy will be applied in the same way within the framework of the National League Agreement (which will be negotiated by GSEE [Greek General Confederation of Labor] and employers) and the agreements with the separate trade unions.

In the meantime, the income policy as announced and included in the framework of the automatic cost-of-living adjustments has caused reactions. Essentially, it is observed that the cost-of-living adjustment as announced does an injustice to all middle incomes, in substance defeating the purpose of the law. Incomes above 35,000 will not increase with the cost-of-living adjustment except by a small percentage ( $1/4$  and  $1/2$  of the cost-of-living).

At this point it is noted that the system of differential increases based on the amount of income, had been abandoned in 1980 because its application had shaken the pay scales to such an extent that its application had become problem ridden. The business world, on the other hand, notes that the insignificant increases to the middle and higher salaried workers will discourage the supervisory and specialized personnel (by a decline in production and productivity) when this category of workers sees its real income decrease.

All this will be discussed during the League work agreement as well as the trade unions agreement and it is not to be excluded that there will be changes, either in the model of the automatic cost-of-living adjustments in general or, tacitly, within the framework of the parameters of its application.

9731

CSO: 4621/113

## FUEL, TELEPHONE, WATER RATES INCREASE

Athens TO VIMA in Greek 15 Dec 81 p 2

[Text] The decreed price increases for liquid fuels have been dictated by the changing relationship between the drachma and the dollar. Because of this change, serious deficits have developed in the nation's fuel bill, and these are a heavy burden on the State budget.

Following these increases, prices for liquid fuels are fixed as follows:

- Super gasoline: 43 drachmas per liter, up from the previous 40 drachmas.
- Regular gasoline: 39 drachmas per liter, from 36 drachmas.
- Diesel: 19.30 drachmas per liter, from 18.30 drachmas.
- Mazut 1500'': 12,080 drachmas per metric ton, up from the previous 11,230 drachmas.
- Mazut 3500'': 11,220 drachmas per metric ton, from 10,370 drachmas.

The price for liquid gas remains unchanged--that is, 363 drachmas per cylinder of 10 kilograms and 855 drachmas per cylinder of 25 kilograms, at the retail level.

In connection with the price increases for liquid fuels, the deputy minister of commerce, I. Papaspyrou, stated yesterday that if the New Democracy Party had won the elections, the price of gasoline would have reached 60 drachmas per liter.

He said that the previous government avoided paying the political cost of price increases by keeping the prices for liquid fuels frozen--despite the policy which it was implementing which entailed the continual devaluation of the drachma against the dollar--with its intention being to increase these prices after the elections.

Today, a conference will be held at the Ministry of Commerce at which there will be an examination of certain problems faced by the gasoline dealers which have emerged following the readjustment of prices for these fuels.

At the OTE

The new rate schedule for telephone calls will go into effect as of the forthcoming initial counting which will be made by the Greek Telecommunications

Organization (OTE). The increases which have been decided on were regarded as essential on the one hand so as to deal with the large deficit of the OTE (which will reach 6 billion drachmas this year and would be approaching 10 billion in 1982 if the rate schedules remained unchanged), and on the other hand because the freezing of the rates at 1975 levels had the consequence that the public was being given services at rates below the true cost of producing these services.

Thus, beginning with the upcoming counting, the following rates will be in effect:

For up to 150 telephone calls per month (urban units), the rate is fixed at 1.60 drachmas per unit. Above this limit, the rate for each unit will be 2 drachmas.

The fixed charge to each residence for the first telephone becomes 150 drachmas, for the second 500 drachmas, and for the third 1,000 drachmas.

#### Water Rates

The graduated billing for water will be done on a monthly basis, according to yesterday's clarification of the way in which the new rate schedule will be implemented (from the upcoming initial meter reading) for water used in the home.

It is recalled that the water rate has been uniform up to now (9.56 drachmas per cubic meter), and that the last increase had been fixed on 1 September 1975 (100 percent increase at that time). The new water rates for home consumption are:

Up to 4 cubic meters, 15 drachmas per cubic meter

From 4-15 cubic meters, 25 drachmas per cubic meter

From 15 cubic meters on up, 40 drachmas per cubic meter.

A uniform rate of 25 drachmas per cubic meter has been fixed for consumption in public buildings, municipal and community offices, charitable institutions, and industrial and professional outfits.

12114

CSO: 4621/117



## STRONG ARAB INTEREST IN INVESTMENT REPORTED

Athens I KATHIMERINI in Greek 22 Dec 81 p 2

[Excerpts] "The Arabs have confidence in Greece above all and have a keen interest in making substantial investments, without barriers, in our country," stressed the chairman of the Greek-Arab Chamber, P. Vardinogiannis, at a press conference yesterday. And he added: "These investments can be either mixed ones or strictly Arab investments, and they can include the sectors of commerce, industry, agriculture, shipping, technology, and tourism. I should point out that whenever capitalists desire to make investments outside their own country, they look for: A better market, larger profits, and good working conditions. And for the Arab capitalists, Greece is particularly attractive. Moreover, the traditional Greek-Arab friendship, the continuing development of relations, and the diplomatic recognition of the PLO are strengthening this interest of theirs."

Adnan Kassar, the vice chairman of the Arab-Greek commercial chamber and vice chairman of the chamber representing the entire Arab sector, also spoke at the conference, stressing among other things also the following: "The Arabs have a strong interest in cooperating with the Greek government. Reasons of an emotional as well as political nature argue in the direction of good cooperation. Especially following the official recognition of the Palestine Liberation Organization by the PASOK government, a climate has formed which is very agreeable to the Arabs. We will cooperate in all sectors."

The conference was given on the occasion of the first session held by the administrative committee of the Greek-Arab Chamber, whose purpose--as is stated in its articles of association--is the development of Greek-Arab relations.

As was announced by Vardinogiannis, offices of this chamber will be established in Salonica, Volos, and Patrai, in order to be of better service to interested parties.

12114

CSO: 4621/117

## BRIEFS

U.S., JAPANESE CARS--The taxable value of Japanese and American automobiles imported into Greece is being increased, with a surcharge of 25 percent being imposed on the cost prices. In addition, the tax rate on light vans (carryalls) with a carrying capacity of up to 1,100 kilograms is being tripled for those vehicles which are imported, and the tax rate will be readjusted for those manufactured in this country. The above is stipulated in the bill for the ratification of the tariff of customs duties on imports and for the regulation of certain tariff and tax matters. This bill was distributed yesterday to members of the Chamber of Deputies so that it could be debated and voted on. It is noted that the bill in question extends to the Dodecanese the tariff provisions, which are in force for all the country, and that it abolishes the exemption from the consumption tax enjoyed by portable radio-tape recorders. [Text] [Athens ELEVTHEROS KOSMOS in Greek 15 Dec 81 p 1] 12114

CSO: 4621/117

## GREENS, ALTERNATIVES ANNOUNCE JOINT CANDIDACY FOR HAMBURG PARLIAMENT

Hamburg DER SPIEGEL in German 7 Dec 81 pp 52, 53

/Article: "Using the System"/

/Text/ In Hamburg too an "Alternative List" has entered the state elections. Its entry into the parliament appears certain; the incumbent Social Democrats are the most threatened.

So that "we can finally get things on the road," Regula gave the provisional founding committee of the "AL-Ini" a few rules for the coming debate.

First of all, "people, really, keep the speeches short," and second, the spokes-person announced, "women will have priority over men in addressing the floor, just so we don't let any false structures creep in among us."

Still, things took their course the weekend before last at the founding of the "Alternative List" Hamburg (AL) just about the same as anywhere else. Because no woman scrambled for priority, Regula had to give the floor to a man, "Juergen down there in front."

He was from the GreenMovement and looking out for the usual line of advance. In principle there was nothing against the establishment of a joint candidacy of Alternatives and Greens for the Hamburg election in the coming summer--provided that the Alternatives accepted the correct proportions when setting up the candidate list for the state parliament. This would only be, no question about it, fifty-fifty, half for the Greens and the other half to be divided by the Alternative Movement as it saw fit.

Once again, delight in the infighting over power and agenda seemed to be winning over the striving for programmatic harmony. But finally, after two days of speeches, the motley mixture of nuclear power opponents and friends of peace, former CP-front fellow travellers and disillusioned Social Democrats did come to terms: after Berlin, Bremen, Baden-Wuerttemberg and Hessa, where Greens and Alternatives are already sitting in the state parliaments or city councils, Hamburg's parliament was no longer to be left "in the hands of the dominant parties." The "Alternative List" will enter the city parliamentary elections.

Although the Greens did not want to enter the list quite yet, preferring to wait until confirmation by their own party convention in January, that would permit

them to participate even without a guaranteed share of candidates. To be sure, the opposition from the "scene" is still operating with little more than cliches such as "against capitalism and the patriarchy, because one is as bad as the other." Finally, even in the sympathetic circles of the "scene" it is not yet clear whether equating holding out and dropping out can be resolved without further ado by parliamentary means.

Yet there are signs that the Alternatives will become members of the Hamburg parliament. An opinion survey of the Infas-Institute last month figured them to gain 8 percent of all votes, and in the light of the city's desolate party situation, it could even become somewhat more by the time of the election.

The incumbent SPD, which in 1970 had a fat 55 percent of the votes, and in the last election just managed to retain its usual absolute majority (51.5 percent) now, according to Infas, can only count on 42 percent; it is the party most threatened by the Alternatives.

To voters who are attracted to the Alternatives, the SPD seems less inviting than ever. Mayor Hans-Ulrich Klose threw aside his office last spring in the fight over the Brokdorf nuclear power plant and only the coming election is keeping the party's Left and Right from feuding over principles for the moment.

Unlike Klose, who in the course of his career had moved significantly to the Left, his successor, Klaus von Dohnanyi, comes on to voters from the "scene" as a mockery, aristocratic in his pin-striped suits and "hardly different" from the CDU's top candidate, Wlather Leisler Kiep.

"With the CDU," said Irene from Altona regarding the relationship of the composite movement to the established political parties, "there isn't much to hope for" and from the comrades of the SPD not a great deal more. "Because Dohnanyi and the SPD, that's like trying to revive a run-down Grand Hotel by hiring an aging solo dancer."

For the Christian Democrats, who in 1978 had reached 37.6 percent, Infas calculates some 44 percent. And in the balance once again is found the FDP. The latest poll foresees 6 percent for them, just enough to keep their seats in parliament, which the liberals had to leave after the last election (4.8 percent). Hamburg's once Left-liberal Free Democrats are also marked by internal squabbling since conservative small businessmen, by mass entry into the party, have attempted to bring it back on the right track laid down by FDP-Count Lambsdorff.

But the Alternatives are not laying all their bets for their leap into parliament on a "general feeling of being fed up with the parties"; they are also counting on the help of the citizens' initiatives, whether Grey Panthers or voltage boycotters, women's collectives, peace movement members or house occupiers. The "spearhead of the movement" (AL) wants to make a common front against "accepted pressures" and "to cast sand in the works."

And lest alternative politicians succumb to the temptations of power or let themselves be overcome by pressures, the movement has accepted a preventative organization form--"Basis-Democracy, rotation principle and imperative mandate" are intended to help prevent "dominant structures."

The future AL representatives, according to their statutes, are obliged to vacate their seats to a comrade after one year; accumulating offices is forbidden and the party leadership may not retain office for longer than 12 months. The highest level of decisionmaking is reserved for the general assembly of the membership.

The AL has come a long way from the uniform social image of the Communist League--spokesman for the "Motley List" which as predecessor collapsed in 1978 after failing to surmount the 5 percent hurdle.

A campaign platform however, with which all groups and movements can identify, has not yet been formulated; in the next few weeks a party platform convention is scheduled.

The prospect of being isolated in the parliament with their self-chosen role as contrary vote and "disturber of the peace," bothers the Alternatives little; what they want is, as before, is to emphasize "direct commitment in actions outside of parliament." Why they nevertheless want to enter parliament was explained by one of the members of the founding assembly in this way, "you can't always be saying, I'm going to hell, are you coming along? If you live within the system, you've got to make use of it."

9878

CSO: 3103/162



## RECONTRES DISSENTS FROM PCF STATEMENT ON POLAND

Paris RECONTRES COMMUNISTES HEBDO in French 26-28 Dec 81 p 1

[Text] During a press conference on 23 December, the group of charter members who founded RECONTRES COMMUNISTES released the following statement.

Members of the PCF [French Communist Party] and members of the charter group of founders of RECONTRES COMMUNISTES, we face the obligation of stating our views on the events in Poland and on the position of the party leadership. The communist ideal, the party's future, the credibility and mobilizing force of socialism today are in jeopardy.

Countless party members, countless communist voters are upset. They have been hurt in their deepest convictions. They have a feeling of shame. They will not put up with the idea of having the party's honor sullied.

A military coup d'etat has taken place in a socialist country. All labor union and political freedoms have been "suspended." Solidarity, a representative labor union with its 10 million Polish worker members, has been outlawed. Thousands of workers have been imprisoned. There are numerous victims to be deplored.

In contradiction to the firmest decisions of the latest congresses and the text of its resolution draft for the 24th Congress, the party leadership has not come up with a single word of condemnation. It expresses its understanding of the fact that the coup d'etat took place. It blames most of the Polish crisis on the "excesses" of Solidarity. It backs up the declarations of intention of the military government. It minimizes the seriousness of repression and the dangers of a long dictatorship. It openly and indistinctly fights against any initiative of solidarity, likening it to extremist actions and to the political maneuvers of the reactionary forces.

This kind of behavior marks a total break with the very foundations of the party's legitimacy. It is unacceptable and unjustifiable. We hereby proclaim: Under no circumstances can attacks on human rights and the use of authoritarian methods against the people be compatible with the interests of socialism, of detente, and of peace. We categorically condemn the military coup d'etat. We assert, with the full responsibility of communist militants of our support for the struggle of the Polish working class and people for the immediate restoration of basic liberties. Socialism cannot exist and certainly cannot grow, except through the free will of the workers.

It is dangerous and illusory to think that the difficulties of socialism in Poland could be overcome by even the provisional use of methods employed by all military dictatorships in the capitalist world. How could one imagine that a peaceful solution of national unity could have been found, that the process of democratic renewal might be resumed, that the disastrous economic situation might be restored and that the country would be put back to work by "the state of war" which radically opposes worker participation in the direction of public affairs? This is tantamount to threatening peace and scuttling any possibility of progress toward detente and disarmament because in effect it means sacrificing a right of a people freely to decide its own destiny for the sake of the interests of some big power, regardless of what it may be.

In France, turning one's back on the terms of the government agreement between the Communist Party and the Socialist Party, on the issue of Poland, and preventing the unity of the entire worker movement and the entire left on that point which is so essential for the country's future, is tantamount to offering the reactionary forces an unexpected possibility to fight the left-wing administration and the policy which it is implementing by the will of the people.

The military government is confronting the Polish workers with a monstrous alternative: either to submit, to be silent, and to work; or to provoke a bloody confrontation and Soviet intervention. What a dramatic thing it is every day, in L'HUMANITE, to watch the party leadership likewise trapping the possible developments of the Polish situation in this one and only alternative.

Any revolutionary commitment on the part of the communists, their feeling of internationalist solidarity, their entire culture and the moral significance which they assign to their actions rise up against the idea of telling the Polish people: "The only thing you can do is to forget about being the masters of your destiny."

It is the duty of the French communists, on the contrary, to do everything they can to help create conditions so that the Polish people will have the freedom to move beyond the two choices which the government is trying to impose upon them. We do not accept the argument according to which asserting your solidarity with the Polish people means "pushing it into adventure, civil war, murderous confrontation, and a bloodbath."

On the contrary, international solidarity can constitute effective protection for the Polish people. It is a necessary condition for bringing about a peaceful, democratic, and national outcome to this situation; it is a condition necessary to make sure that socialist Poland will be able to experience a new period of democratic growth through the participation of all segments of society.

The margin is narrow and we are aware of that. All the more reason to do what must be done. Refusing to manifest one's solidarity with the fight of the Polish people, fighting against a call for a sympathy strike, and being happy over the fact that mobilization under these conditions was limited means permitting the escape of the only means of positive and responsible intervention of the French people.

We are confirmed in this conviction by the action of the French administration and everyone can see for himself that the communist ministers, who are fully involved

in this, are as a matter of fact made to contradict the position of their party's leadership.

Nothing is more urgent, nothing is more important today for a PCF militant, who is loyal to democratic socialism, to peace, and to the successful change in progress now in France, than to work for the development of the solidarity of the French workers and the Polish workers in a context of the broadest possible unity.

This is a great demand for the party, for each of its organizations, and for each communist. Everything tells us right now that there are many militants, leaders, and communist elected officials who are determined not to allow themselves to be diverted from their duty to express their feelings. As far as the charter group of founders of RECONTRES COMMUNISTES is concerned, it has presented to the embassy of Poland a motion whose text is released today.

5058

CSO: 3100/217

## RECONTRES PETITIONS POLISH EMBASSY ABOUT REPRESSION

Paris RECONTRES COMMUNISTES HEBDO in French 26-28 Dec 81 p 2

[Text] Members of the French Communist Party, we must publicly express our categorical condemnation of the military takeover and our solidarity with the Polish workers who are fighting for the restoration of all fundamental liberties. We are presenting this motion to the embassy of Poland so that it may be communicated to the military government there.

Confronted with the dramatic situation in Poland, we do not have the right to let the Polish people believe that all communists share the attitude of resigned acceptance of the French Communist Party leadership. On the contrary, we are revolted by the idea that protesting against repression, asserting our solidarity with the Polish people, would mean pushing toward civil war. It is with sympathy and with hope that we followed the process of democratization launched in Poland, such as it was expressed particularly by the August 1980 Gdansk agreements. Brutal suppression of all political and labor union freedoms by a military coup d'etat, massive arrests, and bloody repression have put an end to this process.

This takeover cannot extricate the country from its political and economic crisis. It is illusory to hope for a restoration of the country by denying the workers the right to participate in the drafting of the objectives and the major political decisions by imprisoning their leaders and by plunging the country into terror.

When these principles are violated, that directly concerns all communists and their spirit of internationalist solidarity. The only responsible attitude today is not to push the Polish people into despair and resignation. This is why we call for the lifting of the state of siege, the release of the prisoners, the restoration of political and labor union liberties, the resumption of the dialogue with all segments of society, especially the Solidarity Union which with its 10 million members represents the Polish workers. This is the condition for bringing about a positive resolution to this crisis.

The Members of the Charter Group of Founders of RECONTRES COMMUNISTES, Paris, 23 December 1981.

5058

CSO: 3100/217

## POLITICAL REACTIONS ON POLISH SITUATION REPORTED

Athens EPIKAIRA in Greek No 699, 24-30 Dec 81 pp 18-20

[Text] With the Polish situation as a focal point, our internal political life moved this past week with statements, protests, marches, and extensive press commentaries. Roughly, four positions emerged.

The leftist opposition, with the exception of the KKE, which denounced the Soviet Union for imposing a dictatorship in Poland.

The N D , which scored the imposition of martial law and attempted to bring the subject before the Chamber of Deputies.

The government, which maintained a completely neutral position, expressing simply its concern "for the application of extraordinary measures" in Poland. It refused any debate in the Chamber of Deputies.

The KKE, which in contrast with most Communist Parties of Western Europe, supported the Soviet position.

There were different views regarding the influence of the events in Poland on Greek political life. Some maintained that had these events taken place before the elections, PASOK's victory would have been doubtful. As regards their possible repercussion on the government's position today, two views emerged:

The events damage the position of the PASOK government because they create tensions and polarizations in Europe with the result of making Mr. Papandreou's maneuvering difficult within Western organizations and strengthening the position of "hard-line" Turkey. They create hard times for the "heretics." And in internal affairs, they create an eversion to all shades of marxism.

The events are helping the government because, with the moral weakening of KKE, it can easily proceed in its conciliatory efforts both with NATO and the subject of the bases without any measurable opposition. If, of course, it has conciliatory intentions. However, if it does not, as some political exponents of the Right claim, then it will find itself in a difficult situation.

The events in Poland were the center of our internal political developments this past week. While the official opposition was demonstrative in its condemnation



of the military coup in Warsaw, the small, non-doctrinaire parties of the Left did not lag behind. The government was unexpectedly cautious, much more cautious even than the Communist Parties of some European countries. As the opposition emphasized, "It dragged itself into making a statement without a stand and without a final conclusion..."

A better analysis of the events, which reflect the effects of the Polish situation on our internal political life, shows that last Thursday the following statements were made public:

Seventeen N D deputies who affirmed that "the tragedy of the Polish people lays bare another tragedy much closer to us..., the lack of vigor and independent opinion as well as the opportunism of a large sector of the intellectual, artistic and neo-populist world of the doctrinaire Left..." The N D deputies accused this group of having "sunk into the escapism of silence and the guilty shame of indifference. Those who are in the front lines of the marches for the rights of only certain people and who lead the protests against the installation of atomic weapons in the West-- while ignoring the atomic arsenals of the East-- have suddenly become apathetic observers of the dramatic events and neutral citizens of a 'third' country..."

The president of EDA [United Democratic Left] Il. Iliou:

"I denounce, before the Greek people and before the entire world, that a new military junta--openly supported by Soviet arms-- has established itself in one of the countries of 'existing socialism', thus demonstrating that this kind of socialism is unfortunately 'non-existent.' And I call upon all ethical people throughout the world not to stop struggling until the disappearance of all juntas and military dictatorships, whether Eastern or Western, as well as the misleading of youths by parties which deny the manifest truth and present everything as being rosy in the Soviet Union and Poland. Naturally, this does not mean that I grant blanket absolution to the equally serious disregard of the law on the part of the West, which creates other juntas daily, in order to dominate nations."

The KKE (Interior) called on the Greek people to stand beside the suffering Polish people and denounced the attempted imposition of silence regarding the events in Poland.

#### The Government Refuses

The same day, the ND attempted to bring the subject of Poland before the Chamber of Deputies. The new leader of the party, Mr. Averoff, submitted a resolution in which, among other things, it was stated that:

"The Greek Chamber of Deputies, with the tragic, seven-year-long experience of our country still fresh in our minds, is especially sensitive to the subject of trampled rights of the individual and opposes any form of authoritarianism and strongly condemns the trampling of the freedoms of the Polish people."

The ND demanded a debate in the Greek Chamber of Deputies in view of the fact that even the Communist parties of Europe took a stand against the coup. The president of the Chamber of Deputies refused to allow the debate because "the government does not yet have either clear, responsible or official information regarding the events in Poland."

The deputies of ND refused to accept this assertion of the government and finally the president of the Chamber of Deputies promised to forward to the premier the request of the ND and to report to the Chamber of Deputies on the subject during Friday's session.

The representative of the KKE, Mr. Kaloudis also tried, by a parliamentary procedure, to prevent a debate on the Polish situation.

The following day, the president of the Chamber of Deputies announced that the government did not desire to have a debate on the Polish situation take place in the Chamber of Deputies and accordingly notified the leader of the opposition.

In a communique', the Steering Committee of the ND called attention to the tragedy in Poland and scored the unprincipled silence of the government and its refusal to allow a debate on the Polish situation in the Chamber of Deputies.

#### On Extraordinary Measures

After this, on Friday evening, the government issued its first and only statement regarding the Polish situation:

"The Greek Government, driven by deep compassion for the Polish people, is following with great concern the situation which necessitated the imposition of extraordinary measures in Poland and expresses its deep sorrow for the recent dramatic developments.

"Greece expects, along with other European countries that the nations which signed the final Helsinki Act, will refrain from any attempt at meddling in the internal affairs of Poland.

"The Greek Government believes that Poland should, by itself and without the use of force, solve its problems in order for the process of change and renewal to continue."

Official opposition circles made the following observations on this statement:

It refers to the imposition of martial law in Poland as "situation which necessitated the imposition of extraordinary measures."

It almost follows the KKE line; that is, of non-interference in facing the Polish issue.

#### University Students Demonstrations

With the exception of the Pan-Student of KKE, the other university student organizations attempted to stage a protest march in Athens on Friday night. All observers agree that this rally was a failure. It was, as correctly characterized by KKE, "meager and without mass participation" and this, according to political observers, means:

Either that the participation of the Youth of PASOK, the PASP [Panhellenic Militant Student Faction], was a mere formality and this organization, for some reason, did not mobilize its forces...

Or that the corruption of the university students by marxist dialectics, which for years have been conveyed also by PASOK, is much deeper than the leaders of the government party believed, and consequently PASOK no longer controls its youth, at least not in the areas of our relations with NATO, the Soviets, the Arabs, and naturally the Bases...

Other sides hold the opinion that the Youth of PASOK follows its own line, totally hostile towards the Americans, NATO, the Bases and, for a secondary reason, EEC.

#### 'Factions in PASOK'

With this observation as a focal point, that is that Mr. Papandreou has no control over at least a segment of his party, there developed the second politically important event of the week, i.e., the polemics of the ND against the government.

Speaking to his party's Steering Committee, Mr. Averoff stressed the following:

"Despite the differences we have with Mr. Papandreou, I cannot imagine how he can have knowledge and approve of much of what is happening, but there are very powerful factions within his party which outflank him, making the problem more acute."

At another point, he alluded to the efforts of the far Left:

To capture the trade unions. "They are trying," he said, "to create State trade unions similar to those of the countries of the East. But," he forewarned "if they take over the trade unions and place them at the service of totalitarianism, we will help create truly free trade unions as in France and other places..."

To impose its ideological views on national affairs. The reason for this "explosion" by the ND came from the statement of the communist intellectual Elli Alexiou on ERT [Greek Radio and Television] regarding the mass round-up of children.

Mrs. Alexiou said that the round-up of children by the guerrillas and their sending of thousands of Greek children to countries of the Eastern bloc was done "for the protection of these children." Commenting on this statement, Mr. Averoff said:

"We find ourselves before a Power which wants to influence traits which are predominant, that is, the soul and the spirit, to change the way you think and behave." Further on, Mr. Averoff emphasized that this tactic is dangerous because the younger generation has no idea what the round-up of children was and are, therefore, influenced.

At the same time, the Steering Committee of the ND issued a statement on the same subject in which it held the government responsible because it was through the State-operated mass information media that "it attempted to justify the mass round-up of the children during the years of national tragedy, an act which has been condemned by the conscience of free men all over the world."

#### The Ideological Position of the ND

In his press interview with the daily AKROPOLIS as well as in his statements to the Steering Committee of the ND, Mr. Averoff returns to the subject of the persecution

by the authorities of the political opponents of the government. "Firings, dismissals, transfers, use of informers, in order to slander those who disagree with PASOK. This way they attempt to terrorize the employees and change the structure of the organizations and of public services..." Mr. Averoff declares the solidarity of his party with these persecuted employees and states that he will reinstate them when he returns to power...

Regarding the ideological orientation of the ND, Mr. Averoff said:

"Our opponents are attempting to present us as having ideological differences. Woe to us if we did not have the ones we have. They are differences of shades, of expressions. Our ideological framework has been defined by our Panhellenic conventions. They have set parameters. We all move within them.. Had there been members with opposing views, they would have left. We are a party," concluded the leader of the New Democracy "which has very wide ideological parameters as all large European parties have."

More specifically in his AKROPOLIS interview, Mr. Averoff underscored that

"We are:

"Rightists, from the point of view of fatherland and traditions.

"Liberals, from the point of view of political regime and opposition to totalitarianism.

"Center-leftists, from the point of view of progress and a more just distribution of the national income. We believe that social justice is achieved not only through reforms but, above all, with the growth of national income."

9731

CSO: 4621/111

## NORAD OFFICIALS INTERVIEWED

Arne Arnesen

Oslo AFTENPOSTEN in Norwegian 30 Dec 81 p 4

[Report on interview with Arne Arnesen]

[Text] "We shall be stingy with aid funds. They should benefit the poorest countries," says Director Arne Arnesen, of the Directorate for Development Aid (NORAD). In a New Year's interview with NTB [Norsk Telegrambyrå] Arnesen says that the possibility of issuing cheap loans to developing countries should be investigated. "That is the remedy we lack today."

On the threshold of a new year the NORAD director says that he hopes the regional cooperation in southern Africa will bear fruit. Norway has appropriated 32 million kroner for that cooperation for 1982. That is a beginning, and the aim is to reduce the dependence on South Africa.

"I think these efforts are among the most exciting things that are going on in development cooperation today. It is a very interesting task for NORAD and Norway in the years to come," Arnesen says.

There are nine countries in southern Africa that are participating in the regional cooperation. The intention is that each country shall assume responsibility for the development of one sector of the economy, while Botswana coordinates the whole plan. Norway's contribution will go first of all toward expanding telecommunications between Zimbabwe, Botswana, and Zambia.

Arne Arnesen says that Norway must be prepared to involve itself more strongly in the developing countries during the acute crisis today in the Third World. "We must be willing to take over administration and expenditures that are normally under the recipient country. We should not set too many new projects in motion, but instead concentrate on keeping the wheels turning in the projects we have. For example, it is important to ensure proper maintenance," says Director Arnesen.

In 1982 the Norwegian development aid will amount to 3.6 billion kroner. As usual, a good half of this money will go into projects managed by NORAD, while the rest will be channeled through the UN system as multilateral aid.



[Question] Do you feel it as a great responsibility to sit in the chief's chair in NORAD?

[Answer] It is obvious that I am in an exposed position. This being exposed to scrutiny all the time takes its toll, but at the same time I get a great deal back. I see development aid as one of the central tasks of our time.

[Question] Do you agree when Leif Vetlesen, the NORAD information chief, calls for increased self-criticism with regard to Norwegian aid policy, saying that it would have been desirable to have more debate on Norway's development aid involvement, including the Ministry of Foreign Affairs and NORAD's administration and the management of the funds?

[Answer] Yes, I can concur in his views. For that reason we in NORAD have been more active in recent years in spreading information about our work. We want to give orientation on both positive and less successful results of our involvement in developing countries.

In that connection it is important to point out that the conditions under which we work in the developing countries cannot be compared with Norwegian conditions. For that reason one cannot expect the same effectiveness as here in Norway.

[Question] It is often asserted that the private organizations get more out of each krone in their work in developing countries. What does the director of NORAD say about that?

[Answer] I will say that the volunteer organizations and NORAD complement each other in the cooperation in developing countries. I am of the opinion that the private organizations have a proper place in Norwegian development aid, but I do not see their activity as a competition with NORAD's work. It is difficult to measure the effect of development aid, but if the attempt were made, I am not so sure that NORAD would come off worst.

...

To the question whether he expects changes in Norway's attitude toward development aid with a Conservative government, he answers that he does not expect great changes. There is a good deal to indicate that greater attempts will be made to involve Norwegian industry more closely in the cooperation with developing countries.

"I think it is important for Norwegian industry to get involved in the development work and make use of various support arrangements in establishing themselves in developing countries whenever the demands for development effects are realized. But I think it would have been best to reserve the support that comes from the aid budget for our chief cooperating countries and the poorer developing countries. Support to establishments in more fortunately placed countries in the Third World should come from other quarters," says Director Arne Arnesen.

Josef Dahl

Oslo AFTENPOSTEN in Norwegian 30 Dec 81 p 4

[Report on interview with Josef Dahl by Harald Stene Dehlin: "Missions Are Satisfied"]

[Text] In 1981 Norwegian missions organizations received close to 30 million kroner from NORAD, and even though these organizations have a combined annual budget of several hundred million kroner, the NORAD support is still of great significance. Without it many development projects would not have been realized, Josef Dahl, secretary general of The Norwegian Missions Alliance, tells AFTENPOSTEN. Dahl was recently elected chairman of the board of NORAD, and is the first missionary leader to hold that position of honor. He characterizes the cooperation between the private organizations and NORAD as very good.

[Question] But what about all the criticism that has often been made of Norwegian development aid?

[Answer] All *positive* criticism is valuable, and personally I am glad that the problems are constantly kept in focus. When unsuccessful development aid projects are revealed, there is an outcry in the press--and rightly so. But we do not succeed in all "projects" here in Norway, either! When you take into account how difficult it is to conduct international aid work, it must be possible to say that we go quite far with our aid work. I am just back home from a trip to the Orient, where I saw with my own eyes that giving aid makes a difference. It is especially noteworthy to see the great indirect effects the various projects have.

One of my great delights in recent years has been that more and more people are recognizing the private organizations' expertise in the developing countries, with regard to culture, language, and way of life.

That there has been agreement across political lines concerning the missionary organizations and the handling of development aid funds is very encouraging.

[Question] Many missionary leaders have expressed great economic worries in connection with the new year. What about the accounting in your organization, the Norwegian Missions Alliance?

[Answer] The board of the Missions Alliance has adopted a budget for 1982 of a good 18 million kroner. Even though the 1981 accounting has not been completed, it appears that it will show a total income of about 16 million kroner. There are several explanations for why we have had a substantial increase in income. First of all, we have gotten more NORAD funds for our projects in Bolivia and in the Philippines. Then, too, we received a gift of a million from Leif Tomren, a factory owner, which went into the building of Nursing Center No. 12 in Manila, where the missionary couple Borghild and Trygve Bjørkas and their 40 highly qualified Philippine nurses, social workers, and nutritional physiologists are carrying on a comprehensive work in the enormous slum areas of the big city. But the main income is from friends in town and country. The Missions Alliance has a modest administration and is doing no construction work in Norway. To a marked degree it is the individualists' mission.

8815

CSO: 3108/42

## PRIME MINISTER WILLOCH COMMENTS ON POLAND, OIL IN ADDRESS

Oslo AFTENPOSTEN in Norwegian 2 Jan 82 p 3

[Report of Kåre Willoch's radio-TV speech New Year's Day]

[Excerpt] "Let us choose the way to new growth: the way of moderation and effort! Only that can give us increased national income and hence sufficient means to expand our welfare society further and to solve problems that today, unfortunately, there is no money for," Prime Minister Kåre Willoch urged in his speech on radio and TV 1. on New Year's Day. The prime minister spoke strongly in favor of cooperation and a feeling of responsibility in the face of the year's wage agreement--and made no secret of the fact that we as a people must live according to our means if we are to be able to consolidate and expand prosperity and welfare. Willoch maintained that the biggest task in our time is to safeguard the peace--and said, with reference to the Soviet Union and Poland--"No superpower has any right to prevent neighboring peoples from winning freedom."

"Society will see to it that the aged get their fair share of the wealth," Prime Minister Willoch declared in discussing our domestic problems and tasks. "In a number of fields there is need for greater effort, both private and public." The prime minister referred to the still inadequate opportunities for the handicapped, to care of the aged who must be better looked after, youth unemployment, the sinister narcotics problem which calls for still stronger mobilization, deficiencies in education and working conditions, serious problems for many who want to set up housekeeping and raise families. At the same time we have great obligations with regard to safeguarding employment and hence settlement in many threatened local communities.

"But our country's economy is such today that we quite simply cannot afford to carry out all of our tasks well enough. That is because our economic growth is stalled. We must now, therefore, join together to restore economic growth and achieve new progress--not growth at any cost, but such growth as can be combined with our responsibility for nature and the environment and a more humane society.

"If we try to solve the problems by appropriating more money without producing more, the result will only be still more inflation. More inflation means less production, and hence poorer possibilities. To avoid that, we as a people must

live according to our means. If we manage to do that, the possibilities are created for new progress and better solution of the problems, later. But we will not bring that about without patience, responsibility, and cooperation."

Willoch called attention to the serious economic difficulties being struggled with in a number of other countries, including unemployment figures the like of which has not been seen since the 1930's. Norway--especially by reason of the oil income--has been much more fortunately placed, the prime minister said, but then he asked: "Have we handled these exceptional possibilities well enough?"

#### Decline in Oil Income

Before he sketched his own answer, Kåre Willoch pointed out: "The oil income will be approximately 40 billion kroner less than expected during the next 5 years. Our ability to compete, which is still far weaker than 5 or 7 years ago, was further weakened in 1981. And we must count on it that Norway's national income will be *lower* this year than last. That means that we cannot demand more for one purpose--or for one group--without there being less for others.

- "This year's wage settlement will to a large extent determine our possibilities of creating growth again and safeguarding employment. With cooperation and a feeling of responsibility we can solve the problems!" said the prime minister. He continued: "If instead we slip into a situation in which everybody is merely fighting to get the most possible for his own occupational group, we shall weaken our ability to compete and thus threaten the jobs instead of safeguarding them. All groups fighting just for their own interests does not lead to greater justice, either.

- "Even if there is a confederation settlement this year, we must presuppose that consideration is given to the interests of other groups and of the entire nation," Willoch emphasized.

- "But the obligation to take account of the whole country's economy rests upon *all* groups. Industry must refrain from price rises that are not strictly necessary. Those who are entrusted with the management of public funds must ensure the most effective and fairest use of them. And we as politicians must show responsibility for resisting demands that society cannot afford to meet. The tasks call for cooperation among the people and between organizations and parties. For the old truth still holds that if we demand too much, we become poorer."

In serious terms Prime Minister Willoch described ominous aspects of the international situation and the position that Norway must take as a contribution to continued peace and détente: "We shall not overlook the danger signals. But neither shall we let them frighten us into giving up. In spite of all problems it has been possible to preserve peace and freedom in our part of the world, by solidarity among the democracies and a clear will to defend ourselves. We must not abandon the path that has secured our freedom and peace!

"From our sheltered country we sympathize strongly with unfortunate people who have no freedom, have no security, and in some cases do not even know whether they will get any food next week," Willoch said, and he continued: "In these times our thoughts go especially to Poland. And we must not forget Afghanistan or other peoples that are suffering under oppression. We are indignant that

tyrants, to maintain an inhuman system and strengthen their own positions of power, can inflict such sufferings upon brave people.

- "We will participate in lessening the suffering of those who are oppressed, and of the millions who are forced to flee. We will contribute to the free world's moral pressure against acts of violence and aggression.

"And we must draw the lessons from what is happening, to prevent more countries from being afflicted with the misery of oppression.

"The world is still such that right and morality are not enough to give security. Strength is also required to prevent attacks on freedom and thus fend against violations of peace.

- "Safeguarding peace is the biggest task in our time. And the most dangerous threat to mankind is atomic weapons. We are all agreed that the menace of atomic warfare must be eliminated. But how?

"If the West should try the simple way of getting rid of its own atomic weapons first, there would be a tremendous superior power in the East. That can invite a new drive to win more power at the cost of freedom and human life. And that very thing could trigger the worldwide catastrophe that *must* be averted.

"In 1979 the West's responsible leaders chose their line in the work to limit atomic forces in east and west. They made the offer that the West would refrain from stationing new atomic weapons in Europe if the Soviet Union would remove the new atomic weapons that are aimed at us," the prime minister pointed out.

"That offer made by the West has led to the negotiations on atomic arms reduction that are now under way. The Soviet Union is still willing to reduce its atomic forces if it is convinced that this is necessary to avert the stationing of new western atomic weapons. The possibilities of greater security are therefore very definitely present, if the West stands united behind the negotiating line that has been chosen. A basic prerequisite for lasting détente is mutual confidence and respect. It will not be easy to create that basis. But we must both hope and believe that this time the arms reduction negotiations will lead to real results and a more secure peace."

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## REPORTER SEES MOVEMENT TOWARD MAJORITY COALITION IN 1983

Oslo AFTENPOSTEN in Norwegian 31 Dec 81 p 3

[Article by Egil Sundar]

[Text] In influential non-socialist political circles it has gradually become a widely held opinion that before the municipal election of 1983 a majority government of the Conservative Party, the Christian People's Party, and the Center Party will be formed. Behind the wings a clarification process with this in view will be started soon after the first of the year in connection with the preliminary discussions of the Willoch government's state budget and economic plan for 1983. This must be a matter of a long-term strategy in which the three cooperating parties can get together on binding objectives for the current Storting term.

But a decisive prerequisite for any non-socialist government will obviously be that the Christian People's Party and the Center Party--which decided after the fall election not to go into the government--reach an agreement with each other on the extent to which they wish to participate as government parties. A final decision in that direction cannot be reached until the Christian People's Party, at its national congress in the spring of 1983, has undertaken a reevaluation of its earlier national congress resolution on the abortion issue, a position that excluded the party from active participation in the government.

Another thorough discussion of this problem complex cannot reasonably be expected to result in the Christian People's Party's suddenly changing its view of the abortion question in principle. The party's standpoint is fixed, and will remain so for the foreseeable future. But it is a common assumption--even among the Christian People's Party's foremost representatives--that a new national congress resolution should be formulated in such a way as not to make cooperation in a government position impossible.

On the assumption that the three cooperating parties can otherwise reach agreement on the political basis for a majority government, and that applies especially to measures to be taken in economic policy, the foundation will be laid for a stable and effective government situation for this whole Storting term. And it was precisely that--a stable and effective government that could effect the necessary change of course--that was clearly called for by the Storting election.

The voters wanted a non-socialist policy in Norway. If we look forward a little, we can understand that the further political course, the question of the extent to which the voters' expectations will be realized, can be decisive for whether in the 1985 election we shall get a reliable joint non-socialist alternative or whether it will be mainly a choice between the Conservative Party and the Labor Party. But it must be realized that the Conservative Party's success as governing party is dependent on what possibilities it has to get a purposeful non-socialist policy put through. In the present situation that is--quite concretely and more than anything else--a question of whether it can cope with the country's pressing economic problems better than the Labor Party.

The answer will necessarily have to rest on whether a breakthrough can be made for a new policy, with the main weight on measures that can slow down inflation, that can effectively contribute to increased production, and that can stimulate will to contribute, initiative, and enterprise. The tax policy plays a decisive part in this whole program. For that reason the tax policy must constitute an essential element in a broad-based political offensive with the aim of restoring the power of growth to the Norwegian economy and industry and thus creating a better economic foundation for solving vital social problems.

In these efforts the Willoch government is facing its main political objective. But the responsibility for our going in the right direction is not the Conservative Party's alone. It is shared to a great extent by the Christian People's Party and the Center Party as well, which stand behind the formation of the present minority government. Clear political obligations flow from that fact. As Guttorm Hansen, former president of the Storting, remarked recently, one cannot be present at the moment of conception and then run away from child support payments later. That is not nice behavior... And it obviously would not be accepted by the non-socialist voters, either.

It is important to realize that not only the problems but also the obligations are in common. The latter appears with all possible clarity from the declaration that the Conservative Party, the Christian People's Party, and the Center Party issued after disagreement on the abortion issue put a stop to further negotiations concerning a three-party government. In that declaration the three parties said in part:

"After this the three parties' promise that a non-socialist majority in the Storting would lead to a new government must be fulfilled by the formation of a Conservative Party government.

"The three parties are in agreement that such a government will work on the basis of the three parties' joint statement about the long-term program for the coming 4 years.

"On that basis the three parties will cooperate among themselves and with the government to solve the many important problems that the Storting and the government will be confronted with in the coming years."

The declaration concluded by saying that "the parties will continue the discussions of what forms of contact and cooperation are best suited to meet the new parliamentary situation."

Even at this early point in the new government's work it must be said that although all concerned are "reasonably well satisfied" with the cooperation, it would be a considerable exaggeration to say that the forms of contact and cooperation are the best suited to the new parliamentary situation. And precisely that was foreseen--and pointed out--by some when the government began its work in the middle of October. On the basis of earlier experience and in recognition of the need of contact that would exist in high degree between a minority government and its parliamentary supporting parties, Prime Minister Kåre Willoch for his part took up the matter of an arrangement for fixed weekly consultations. When the Christian People's Party and the Center Party did not feel that they could participate in the government, from the point of view of cooperation the best possible should be made of the situation.

In the first place such a formalization of the cooperation would make it considerably easier to discuss a joint plan than if--as has become the practice--that discussion were to lead to almost open scenes via press, radio, and television. In the second place a set arrangement for consultation would be necessary to prevent the frictions that might otherwise render any cooperation difficult. But Prime Minister Willoch did not get sufficient support for his views, as the parliamentary leaders of the Christian People's Party and the Center Party, Kjell Magne Bondevik and Johan J. Jakobsen respectively, both opposed the plan.

Later--and especially in interviews looking toward the new year--tone-setting forces on the non-socialist side declared that the cooperative relationship between the government and its two supporting parties should be made the subject of thorough discussions. There is special reason to note that leading politicians in both the Christian People's Party and the Center Party, among them Kåre Kristiansen, Asbjørn Haugstvedt, Sverre Helland, and Jørgen Sønstebo, have publicly declared that a government should be formed by the Conservative Party, the Christian People's Party, and the Center Party in coalition--thus in accord with those parties' view in principle before the Storting election. Hakon Randal, the second deputy chairman of the Conservative Party, has also emphasized in strong terms the necessity of bringing the Center Party and the Christian People's Party into the government.

The need for an expanded government cooperation--from the government's own standpoint as well--was expressed clearly and convincingly in an interview that Finance Minister Rolf Presthus had with NTB [Norsk Telegrambyrå] in connection with the coming new year. In it Presthus emphasized that as long as the Christian People's Party and the Center Party do not wish to be in the government and share the responsibility of governing, there is a limit to how long it is possible for them to be in on an advance clarification of matters before they are presented to the Storting. On the basis of experience from last fall it is possible technically to improve the cooperation further, but--the finance minister adds: "We cannot get any decisive change until the other parties revise their position and come into the government."

The first thing that is obvious from these recent utterances about cooperation is an open acknowledgement that in practice it is proving difficult for the Christian People's Party and the Center Party to combine the rôle of parties supporting the Conservative government with an understandable desire to mark out their own political identity. If this party profiling takes place increasingly both to the neglect of and at the cost of common political objectives, it will automatically--

and naturally enough--be interpreted as a non-socialist split. And if there is anything the Labor Party knows how to exploit, it is precisely the impression of a split and oppositions between the non-socialist parties. For years the divide-and-conquer tactic was the Labor Party's most dangerous weapon, and even though the party has gradually driven its tactical game to the border of the grotesque, it should not be overlooked that the present situation may make it more difficult to carry out a firm and integral non-socialist policy.

It is true enough that there are divided opinions on the cooperation question both in the Conservative Party, the Christian People's Party, and the Center Party. And to the Conservative Party in particular, it must appear not very gratifying to have to give up about 40 percent of its ministerial posts. But responsible politicians with the ability to look ahead some distance--at least to the next Storting election--are generally agreed that it is in the parties' common interest for the country to have a stable and effective government. The basis of the work must be adapted to this overruling objective. It is also a matter of course--and in keeping with the three-party declaration after the election--for the question of a broader composition of the government to be evaluated in a positive spirit.

Against this background an editorial from the Conservative Party's Press Bureau just before Christmas was highly apt to surprise both its own and other parties' advocates of cooperation. Under the headline: "What Held Then Still Holds," the editorial writer gives the impression that it is both untimely and inappropriate if the two parties of the center now begin to send up signals that they can be interested in coming into the government after all. Since after the election they decided to stay out of the government formation and instead to act as supporting parties for a pure Conservative Party government, they should stick to that, as long as the actual conditions are unchanged. For according to the Conservative Party's Press Bureau everything is just as it was, and what held in October must still hold.

If this view--contrary to all conjecture--is representative of the Conservative Party's attitude toward cooperation, it may easily become doubtful whether the Willoch should take the trouble to present its first independent budget at all.

The cooperative relationship between the government and its two supporting parties must be appraised on a responsible basis and in the light of experience and needs. The position that is being gradually worked toward (there is no hurry at all about it) will necessarily have to come about as a result of weighing a number of things--and that obviously applies to the Conservative Party just as much as to the two parties of the center. But the point is that they have a common responsibility for the course of events. The question that is forcing itself upon them is how they should behave during the remainder of this Storting term to fulfill common responsibilities and obligations. And it is hardly profitable to discuss it on the basis of the motto: "What held then still holds."

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## CENTER PARTY CHIEF: MAIN GOAL IS TO COMBAT SOCIALISM

Oslo AFTENPOSTEN in Norwegian 4 Jan 82 p 3

[Text] "The Center Party will always see it as a goal to combat all tendencies toward a socialistic development of society in Norway." That is how Johan J. Jakobsen, chairman of the Center Party, expresses himself in an interview with the Center Party's Press Office. Jakobsen expresses satisfaction with the cooperation between the government and the supporting parties this fall.

Jakobsen was asked to answer the following question: Do you consider the cooperation with the Conservative Party purely pragmatic or as a part of a fight in principle against socialism and for a liberal development of society?

[Answer] To answer the last part first, I would like to say that the Center Party will always see it as a goal to counteract all tendencies toward a socialistic development of society in Norway. But at the same time it is necessary to make an overall appraisal in order to decide and judge the cooperation alternatives.

On the basis of such an overall appraisal the Center Party has made its choice, and it seems to me that the fall session has shown that it was a right choice to seek political influence through cooperation with the Christian People's Party and the Conservative Party. In the political landscape a cooperation with the Conservative Party is more timely and politically interesting than a cooperation with the left side.

[Question] And the cooperation has worked as you expected?

[Answer] Yes, so far I feel that the cooperation has worked well; the contact and cooperation arrangements have met expectations.

...

Jakobsen emphasizes that if the cooperation is such that all three parties can declare themselves content, that is due to a combination of flexibility and willingness to respect each other's distinctive quality.

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HAGEN: PROGRESS PARTY TO DEMAND STRONGER STAND ON USSR

Oslo AFTENPOSTEN in Norwegian 7 Jan 82 p 3

[Report of interview with Carl I. Hagen]

[Excerpt] Carl I. Hagen, chairman of the Progress Party, speaks out in favor of the authorities' taking a hard line, both in domestic policy in connection with the spring wage agreement and in foreign policy especially toward the Soviet Union because of events in Poland. He is also calling for stepping up the oil exploitation. For the party the goal is to outdistance the Socialist Left Party in 1983 and the Center Party in 1985.

In an interview with the Progress Party's press service the chairman emphasizes two things that he says should have concrete effects--the announcement that oil income will drop by about 40 billion kroner in a 4-year period and the events in Poland. Hagen says that the lost 40 billion kroner must be gotten by increased oil exploitation, both in consideration of the industry's need for orders and in consideration of the allies' need to ensure energy supplies.

On Poland, Hagen says that he inclines more and more to President Reagan's view. It is becoming clearer and clearer that the new régime is nothing but the lengthened arm of the Soviet Union, and all the talk that there will be some return to the time before August 1981 he regards as normal communist lies based on Leninist principles of using lies whenever that is expedient. For the Soviets know that the West always reconciles itself to the state of things if only they wait long enough.

He lays weight on reports that Solidarity spokesmen are asking the West to react as strongly as possible, and says that what Norway should do now is to close the Soviet trade delegation here, halve the staff of the Soviet embassy, send the Polish ambassador home for a while, denounce a number of agreements with the Soviet Union, and otherwise show that we support our most important ally, the United States. He wants to step up humanitarian aid to Poland radically.

In connection with the wage agreement Hagen says that the authorities should insist that wage-earners' demands must be based at the outstart on the firms' own economic capacity and future possibilities.

The chairman looks toward the future of the Progress Party with optimism. The party has adopted the goal of outdistancing the Socialist Left Party in the elections of 1983 and the Center Party in the election in 1985. In last year's election the Progress Party got 4.5 percent of the votes, the SV [Socialist Left Party] 5.0 percent, and the SP [Center Party] 6.6 percent. In the November poll the figures were 5.8, 5.2, and 7.3 percent respectively.

Carl I. Hagen believes that the present government will not last out the current Storting term, and that it may fall as early as this year or the fall of 1983 if there is not a broadening of the government in the spring of 1983. But Hagen emphasizes that the Progress Party will not contribute to overthrowing the government.

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## BRIEFS

1982 PARTY CONGRESSES SCHEDULED--(NTB)--Four of the political parties will have congresses this year. The Progress Party will be first with its congress, which will be held in Bergen 19-21 February. The Liberal People's Party will come together on 20 and 21 March. The Liberal Party holds its congress in Lillehammer 27 and 28 March. The Conservative Party's congress will be held in Stavanger 23-25 April. All four parties will elect chairmen. Two of the present party chairmen, Hans Hammond Rossbach of the Liberal Party and Gerd Søråa of the DLF [Liberal People's Party] have refused reelection. [Text] [Oslo AFTENPOSTEN in Norwegian 8 Jan 82 p 3] 8815

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## INSPECTORS OF ARMED FORCES INTERVIEWED

## Meinhard Glanz Interview

Bonn WEHRTECHNIK in German Dec 81 pp 14-17, 19

[FRG Army Inspector Meinhard Glanz was born on 8 August 1924 in Sundhausen/Thuringen; he is married and has one son. After his graduation from high school he served his obligatory tour of duty with the Wehrmacht, ending as a reserve officer cadet. Having been employed as a driving instructor and manager of a driving school until 1950, he enlisted in the German service component of the U.S. Armed Forces, reaching the grade of company commander in an amphibious engineer battalion. In January 1956 he transferred to the Bundeswehr as an officer cadet in the Engineer Corps. After graduation from officer training school he served as platoon leader and company commander. From 1961 to 1963 he underwent general staff training at the Bundeswehr's staff college. Thereafter he served as G3 of a tank brigade, commander of an engineer battalion and chief of staff of a tank infantry division. In 1971 he attended the NATO Defense College in Rome, then became director of training, AFCENT. In 1973 he was assigned as deputy chief of staff/organization of the army, in 1977 as commander of the 11th Armored Infantry Division. After October 1980 he served for one year as commanding general, II Corps in Ulm.]

[Interview with Lt Gen Meinhard Glanz, inspector of the FRG Army, by WEHRTECHNIK Editor-in-Chief Wolfgang Flume, date and place not specified: "In War, Only Simplicity Is Likely to Bring Success"]

[Text] At the time of the WEHRTECHNIK interview, Lt Gen Meinhard Glanz had only been FRG army inspector for 7 weeks. Obviously, he was unable to give comprehensive answers, especially to a curious journalist, about such matters as his ideas of future arms for the army. Additionally, such plans are subject to change these days. Nevertheless, Glanz made firm statements on a number of issues, since he favors short, definitive sentences. As to armament: in war, only simplicity promises success--but "simple" does not mean "primitive." As to his objectives as Inspector: in times of peace, the army does not need an enemy image; it has an enemy: routine. Thus his efforts to maintain an active program of tasking. Further, army leaders must not be technocrats; they must make use of technology, but must always regard man as having primacy.

WEHRTECHNIK: You have been the army inspector for barely one month--it would be a bit early to ask about your experiences in that job. That is why I should like to go farther afield and ask you to tell us about your career to date: what was your best and most interesting assignment? Are there any subjects in which your experience in the field would cause you to initiate changes and improvements?

Glanz: For me, as for everyone else, an evaluation of one's assignment would be a function of the rank level connected with it and therefore the level of responsibility and independence. That is why for me only training assignments were less than agreeable, though necessary. In retrospect I can say that my time as a platoon leader was as agreeable, interesting and challenging as was my time as commanding general.

In my present assignment, which is dedicated to the maintenance, improvement and further development of the FRG Army's combat readiness, I consider it my most important duty to keep mission-type order alive. I am glad to see that in this I will be able to continue the efforts of my esteemed predecessors.

#### The Enemy in Time of Peace: Routine

WEHRTECHNIK: American military journals are increasingly reporting on the advantages of mission-type order as compared with detailed command order. You are talking about keeping mission-type order alive--is it in any way threatened here?

Glanz: No, it is not. The Bundeswehr does not need an enemy image in peacetime; it has an enemy and it is called routine. That is what I propose to attack: routine, which in peacetime has a tendency to regulate everything. It is the enemy of mission-type order.

WEHRTECHNIK: Is it true that the Americans are also planning to switch to mission-type order?

Glanz: Yes--they have recognized that combat with modern weapons and with people who have learned to think independently in an industrial society, can only be conducted at a high level of self reliance. Not everything can be totally supervised from the very top to the very bottom. Mission-type order is the strength of the German armed forces--we are glad that others have recognizee this. And we know also that the Warsaw Pact armies are moving in the same direction.

WEHRTECHNIK: During the last maneuvers you made headlines in your capacity of commanding general of II Corps by stating the insufficient driver training resulting from fuel restrictions could lead to a loss of lives. Were there really more accidents during the maneuvers which were attributable to lack of driver training?

Glanz: Let me give you a general answer to this, since the results of individual cases are not yet available. Also, accident investigation has certain limits--what young drive will admit after an accident that he does not drive very well yet?

The majority of our wheeled and track vehicles in the army is being driven by draftees, who are not professionals. They need a certain familiarization period to learn all about their vehicles, in daylight, in darkness, in fog, loaded or empty. I consider this somewhat similar to the need for flying hours for pilots.



A driver is simultaneously responsible for the health and safety of the soldiers riding in his vehicle, not to mention the safety of others in road traffic. In demanding sufficient driver training, I am not really concerned with materiel which is replaceable, but simply with the lives of our soldiers. That is why I demand sufficient driver aptitude through training.

#### Highly Satisfied with Draftees' Performance

WEHRTECHNIK: Returning to the fall maneuvers: were you satisfied with your soldiers' performance? Were there no communication difficulties with the allies this time? What positive and negative experiences can you tell us about?

Glanz: Not only I, but all observers were very satisfied with the draftees' performance. Our young draftees are after all no worse than their fathers, most of whom have already served in the Bundeswehr. We have confidence in our soldiers, and we should show this.

Cooperation with the allies was also good.

We simply substituted a Canadian and a U.S. brigade for a German one with the same tasks, without special considerations. This worked so well that the maneuver command post was unable to tell whether a German or an allied brigade had been deployed. The exercise proceeded without friction.

WEHRTECHNIK: Occasionally there are differences of opinion about the need and sense of major exercises, particularly in view of mounting fuel expenses. How do you feel about this question?

Glanz: The FRG government and parliament spend a lot of money on the armed forces as an instrument of active security and defense policy for the preservation of peace. This requires us soldiers to have a high level of training so as to truly contribute to credibility. This level of training must be regularly tested--this is as true for the individual soldier as it is for the battalion, the brigade, the division and the corps; only in large scale exercises can we test the level of training of large units. Only such exercises enable us to test new structures, concepts and procedures. The same is true for cooperation with allied units and also for joint operations of field and territorial armies. We have a number of formulas for large scale maneuvers, to which we will however not adhere rigidly. We are in the process of developing new formulas.

WEHRTECHNIK: What shapes could these new "formulas" assume?

Glanz: The first exercise of the new formulas will take place during the I Corps maneuvers next year. New formulas are not tantamount to reductions in size; merely a different way of using resources. Beyond that, we must develop new referee procedures, among other things--combat tanks or antitank missile systems have a greater range with their weapons than the normal referee's distance of about 1,000 meters.

#### Military Leaders Must Not Be Technocrats

WEHRTECHNIK: Your predecessor, Lt Gen Poeppel, told us shortly before he retired that he was proud of the fact that the objectives he set for himself upon taking

over had been essentially attained. Surely you too have some goals to be accomplished during your tenure as army inspector. What are your objectives? What have you set your sights on?

Glanz: I might perhaps illustrate my objectives by way of one of the army regulations. Paragraph 605 of HDv 100/100 states as follows: "Independence within established limits is the basis for success. However, readiness to assume responsibility must not lead to individual action disregarding the overall situation or to ignore orders." I consider this to be a key sentence for our task of training, education and leadership. Further, I should like to refer back to my answer to your first question, namely keeping the mission-type order alive. And one further, essential point: it is often said that the human being is at the center of things. This must continuously be put into practice. Armed forces leaders must not be technocrats; they must make use of technology, but must always regard man as being number one.

#### Simple Does Not Mean Primitive

WEHRTECHNIK: You became army inspector at a time when the reorganization of the armed forces into the Fourth Structure had been essentially completed, when the new, expensive systems of the second weapon system generation are coming on stream. It might well be your task to set the sights for the army's armament for the 1990s and beyond. Have you formed any ideas as to the trend which might be appropriate for armaments? The key words might be: a new combat tank--yes or no? Wheels or tracks? Stronger antitank systems while reducing the number of combat tanks; a greater number of simple weapon systems rather than many complicated ones...

Glanz: After four weeks at this desk I will not talk about trends; I will simply give my opinion. Old formulas are often useful in this connection, and I should like to enumerate three:

- First: in a war situation, only simplicity promises success;
- Second: to find the simple way is often difficult;
- Third: combat encompasses driving, making radio transmissions, and fire; in other words: mobility, control, and weapons effect based on a solid supply structure.

By "simple" I certainly do not mean "primitive," but rather dependable and cost-effective as to training, implementation and, last but not least, supply. To make all this possible, future R&D budgets should not be unduly cut. I know that the development especially of simple, cost-effective equipment can be very expensive--but success is the decisive factor.

WEHRTECHNIK: In looking back over the last 10-15 years, one can discern for the FRG Army certain periods of emphasis on various items, e.g.: antitank defense, improvement in aerial mobility, etc. In your opinion, are there any areas, special troops or equipment which in the future will require similar emphasis or improvement?

Glanz: In this respect we should be circumspect and first of all permit the Fourth Army Structure to prove itself. The new structure encompasses both field armies and territorial armies, and it is oriented toward balanced task accomplishment of both parts of the army. Until such time as we have extended this structure to

every part of the army we cannot proceed with the optimization of individual aspects. On the other hand, I take it for granted that such still incomplete armament requirements as extensive night combat capability and improved command and control systems will be fulfilled in the near future.

#### Command Control Systems Are Substitutes Neither For Weapons Nor Brains

WEHRTECHNIK: How important do you think command control systems are? You often hear that weapons are more important than command control systems; others emphasize the importance of command control systems.

Glanz: Everything is important, including command control systems. It is no substitute for either weapons or brains. Command control systems play a part in task accomplishment. While I am not opposed to computers or data processing, neither am I a mad enthusiast who is trying to ram data processing through. My concern is simply its usefulness in task accomplishment. Command control systems are therefore as much a part of the armed forces as the combat rifle still is.

WEHRTECHNIK: In case of defense emergency, the Bundeswehr has a strength of about 1.2 million soldiers, including the reserves. However, there are many more soldiers who have seen service. Do you see a possibility for a better use of this reserve potential, perhaps for a more extensive defense by the territorial army, as some have suggested?

Glanz: In the Fourth Army Structure, as soon as it is fully implemented, the reserve potential will be used to a much greater and much more effective extent, especially for the protection of rear areas by the territorial army. But we must remain aware of one thing: the defensive strength of the armed forces, meaning active duty forces plus reservists, and therefore also the strength of the army, is prescribed by parliament. Strength increases, which of course also entail expenditures for equipment, cannot therefore be brought about by our own decision. If it is intended to use those hundreds of thousands of reservists who have not to date been included in exercises, Parliament would have to authorize the requisite funds. Funds for the equipment and its maintenance as well as for continued reservist training. This context is often overlooked.

WEHRTECHNIK: As part of the economy measures it is intended that the number of draftees to serve 2 years be reduced. Does this not make the search for noncommissioned officers who would serve for a longer period more difficult? I am assuming that it would come easier to a draftee to commit himself initially for 2 years and subsequently for an additional tour of duty, rather than to tie himself down for 4 years to begin with?

Glanz: I'm afraid I have to agree with you on this.

#### Bundeswehr Academies Are Not a Luxury

WEHRTECHNIK: The service academies of the Bundeswehr were created at a time when it was necessary to make an officer's career appear attractive. In your opinion, what immediate benefit accrues to the armed forces from having officers trained there? Could you personally discern any positive effects in this respect? Or are the service academies perhaps an expensive luxury in view of today's circumstances?

Glanz: As far as I am concerned, our Bundeswehr academies are by no means an expensive luxury; but changes in terms of improving the training curriculum and training schedule are always possible--and they are presently under consideration. Positive experience to date proves that we are on the right track. One fact stands out: we cannot tie an officer who is an academy graduate to a period of 20-25 years to this training; we must provide him with the opportunity to grow; he must be able to use his particular talents outside his area of specialization also.

WEHRTECHNIK: Are academy graduates more critical, perhaps more difficult to lead as a result?

Glanz: Not more difficult to lead--they have a significantly greater capability of seeing the big picture, are therefore able better to keep things in the overall context. This manifests itself very clearly.

WEHRTECHNIK: During the next few years the Bundeswehr will have a difficult time in attracting draftees in sufficient numbers. Do you see any possibility of initiating manpower reductions in the army? I remember that a few years ago the Americans in Europe made a hard survey of administrative personnel so as to increase the combat component of their forces. Could offices and staffs be thinned out in our case also?

Glanz: The Fourth Army Structure had such an endeavor as one of its objectives. Happily, this was quite successful. This will become more evident when the reorganization is complete. The subject of personnel and manpower in the armed forces is also a subject of the Long Term Planning Commission, of which I am a member. But I cannot make any statement about the Commission's work at this time.

WEHRTECHNIK: My next question probably leads in the same direction: we have noted that in the logistics area there is a multitude of offices involved, thus providing the possibility of overlap and duplication. Would not more centralization and better coordination be particularly useful in that area?

Glanz: At this moment we are investigating this area in the army. Without putting the cart before the horse, I should like to cite an old principle in this connection: "Every better solution is inimical to the good solution, no matter how accustomed we are to the latter."

#### Friedrich Obleser Interview

Bonn WEHRTECHNIK in German Dec 81 pp 19, 20, 23, 24, 28, 30

[Interview with Lt Gen Griedrich Obleser, inspector of the FRG Air Force, by WEHRTECHNIK Editor-in-Chief Wolfgang Flume, date and place not specified: "In Cutting Back, In Economizing, We Must Be Extremely Careful"]

[Text] Lack of funding forces the Bundeswehr to revise its planning. The air force, for one, has been forced to do without Roland, since having two new systems for antiaircraft defense (Nike replacement and Roland) were a financial impossibility. The inspector of the air force, Lt Gen Friedrich Obleser, warns against further cuts because decisions which are tantamount to



reducing effective strength cannot be corrected from one day to the next. In addition, Lt Gen Obleser talked in great detail about the problem of available flying time. Even though annual flying hours have been reduced somewhat, a certain balance has been achieved by more effective use of flying hours for training.

WEHRTECHNIK: Compared with last year, the FRG Air Force had to be satisfied with a smaller fuel allocation with the result that available flying time was reduced. There has been a lot of public discussion about this, since flying safety is a direct function of individual pilots' flying time. There is a great variety of different annual flying hours numbers--maximum hours, average hours, NATO requirements, etc. Could you briefly explain these numbers to us and also indicate how many flying hours per year a pilot has available to him now, and how many he used to have?

Obleser: The flying time subject is a very complex one--there are two main categories: first the requirements set down in NATO documents; secondly, there are certain guidelines used in a certain frame of reference. NATO requires a minimum of 240 hours for the ready force. As far back as I can remember, this high number was always frowned upon, because it no longer has any relation with the effect of training. Years ago numbers of flying hours were determined for certain aircraft types, e.g., the F-104, of about 180 hours. At the same time it was prescribed exactly how this flying time is to be used: what tactical procedures, how much night and weather time is required. These categorized 180 hours were and still remain only a guideline; and these flying hours concern not only fuel, but also technology for servicing, maintenance and repair.

Additionally, we must consider the following: in the classic training curriculum there were flights dedicated for instance purely to navigation or weapons exercises; the flight proceeded direct to the firing range, the weapons were discharged, and the return flight ensued. With increasing fuel shortages due to increased costs it was attempted--by everyone, not only by ourselves--to make better use of a flying hour. We have modified our training in such a way that a flight of about one and one-half hours contains as many training exercises as possible. Every flight then contains several tasks. There is one other point for consideration: many countries have firing ranges close to their air bases; the training content of a weapons mission can therefore frequently be satisfied within 15-20 minutes. But in Germany we do not have one single firing range; we must undertake our weapons training beyond our borders, in Decimomannu and Beja, or here in Germany at ranges belonging to our allies. In any case, it always takes a long time to get there, requiring a large amount of fuel. These roundtrip flights are now also used for other training purposes, e.g., for navigation, aerial combat exercises, etc. But this again increases fuel consumption from about 3,000 kilos per hour to something like 3,500 kilos, since the engines cannot constantly operate at fuel-saving cruising speed--in aerial combat, for example, it is necessary to accelerate or to fly at higher speeds.

To summarize: we think that our new training concept results in maximum benefit compared with what we were able to achieve with "conventional" training procedures.



This optimal use of flying hours for training purposes justifies our deviating from the purely numerical amount of 180 hours to a certain extent, depending on the mission, and on geographic considerations. I must add however that this is a test whose validity will be confirmed only after a certain amount of time in use.

WEHRTECHNIK: Is this new flying program, i.e., better utilization of flying hours, already in progress?

Obleser: We have been flying under this program during all of 1981. That is also the reason why, despite the unfortunate cut in funds for fuel procurement, I am completely convinced that with optimal use of concentrated training we will, at least for a limited time, be able to make do with fewer than 180 hours while maintaining flight safety and completing the mission requirements.

It is very difficult to say what the limit of flying hours should be; you cannot tell how "safe" a pilot is in excess of how much flying time or below what level things become critical. During 1981 we surely will not reach an average of 180 hours; "average" also means that those pilots are included in the calculation of flying time who for instance fly only a few months during the year because they join the unit or leave it while the year is in progress.

NATO Requirement: 1.5 Aircraft Commanders per Aircraft

WEHRTECHNIK: In this context, how important is the question of number of aircraft commanders per aircraft? In this, are we not in better shape than are many of our NATO partners?

Obleser: That is perhaps the most important aspect of the question. In the FRG Air Force, the ratio of combat-ready aircraft to fully trained aircraft commanders is 1:1.5. This is not because of excess zeal; it is a NATO requirement. True, we are one of the few NATO countries which has been able to train that many aircraft commanders and to keep them on active duty. We feel that this ratio will have to be maintained in the future also, for the following reason: all aircraft are constituted in a manner which permits them to fly three or four missions in one day. This will even be surpassed by modern all-weather aircraft with day and night missions. But this constitutes no justification for having only one pilot per aircraft who after three flights in one day reaches the end of his physical endurance, after which the aircraft must remain unused on the ground. In deciding whether in view of the fuel shortage fewer pilots should fly longer hours or more pilots with fewer hours, we have chosen the latter course--and not only as of 1981.

In summary I should like to say this: the 180 hours of flying time are, in our experience, a good ballpark figure; but they must not be considered an absolute, firm target figure. In our opinion, the most important thing is how the flying time is used, and the number of available aircraft commanders. Plans for 1982 call for 180 flying hours also. We will come up with the number of flying hours which, in our best estimate, guarantee flying safety and the accomplishment of the mission.

WEHRTECHNIK: To close this subject area: how well satisfied are you with this year's flying safety situation? For individual aircraft types, is the accident score better or worse than last year?

Obleser: During 1981 we have roughly maintained the accident rate of the last 2 years. I cannot say that I am very well satisfied with that. I believe that this rate must be reduced some more. I must however recognize that there were no instances of lack of pilot discipline--all pilot and aircraft losses resulted from mission accomplishment. Considering the greater physical demands resulting from better utilization of available flying time we could even speak of a certain amount of progress. Still, we must give further consideration to some matters. I do not believe that flight safety can be attributed to a single type of aircraft, apart from the fact that single engine aircraft are of course more vulnerable to engine damage (e.g., by bird strikes) than are twin-engine aircraft. For this reason I am very glad that with the two new systems, the Alpha Jet and the Tornado, we have received twin-engine aircraft.

#### Tornado--A New Dimension

WEHRTECHNIK: By now you may have some detailed experience with the use of the Tornado, first of all at the TTTE in Cottesmore. How do the flight crews feel about this aircraft? Can they handle it and can they make use of all the technological advances built into it? Or is there some danger that the aircraft commander and the combat observer are overtaxed?

Obleser: To start with your last question: it is utterly untrue that the crews have trouble flying it. On the contrary, the aircraft can be flown without any difficulty; in the pilots' opinion, it represents an advance over everything that has flown before. Certainly pilots who have previously flown only single-seater aircraft, must adapt to the two-man configuration and to the sharply delineated division of work in the cockpit. We must be aware of the fact that we are not yet able to make use of all the possibilities offered by this aircraft, including modern armament. The aircraft is a new dimension--there is no doubt about that.

WEHRTECHNIK: The Tornado represents a very high-performance aircraft to you--but what about its armament? Is the MW-1 being delivered to the air force with all its sub-ammunition in a timely manner for the deployment of the Tornado? To what extent will it be possible to adapt the present armament concept of the air force to hardware procurement?

Obleser: I seem to detect a misunderstanding here. The opinion is widespread that Tornado makes sense only in combination with a future generation of weapons, e.g., the MW-1 which you have mentioned. Certainly, the MW-1 is a necessary supplement for the capability of an all-weather combat aircraft. But do not forget that the Tornado is capable also of transporting the present weapons generation to the target with much greater accuracy, and therefore to much better effect. The first tests have proven this admirably; improved target accuracy has almost doubled effectiveness. There is no question of the Tornado being unable to fight without the MW-1. In the areas in which the present generation of weapons is appropriate and effective, the Tornado can accomplish its combat mission with that armament also.

Apart from that, we do of course need weapons appropriate for the mission, in view of a threat modification and improved target protection. Ideally, these weapons will be delivered at the same time as the carrier--but where do you ever find ideal circumstances? Our weapons concept which we have had for some time and which is

still fully valid still represents the right path. Thereafter, the Tornado will be equipped with the MW-1 as the first step in its most important function as an all-weather fighter. The number of MW-1s, their rate of delivery, the types of sub-ammunition and even the timing depend of course on financial circumstances. Present planning provides for availability of the MW-1 with the sub-ammunition necessary for primary targets at the time when Tornado become operational. Later on, gradually and depending on available funds, MW-1 will be supplemented with other, new-generation weapons, for instance, long range weapons. If you ask a military man when he wants and when he needs these weapons, you will get a different answer than you will get from an Inspector, who must try to establish harmony between economic realities and military necessity.

#### Combined Air Operations

WEHRTECHNIK: Let us pass on to the next new aircraft model of the air force, the Alpha Jet. Almost regularly we hear criticism of this aircraft by experts and non-experts. To what extent is this criticism justified? And what experience has the air force gathered in the squadrons equipped with this aircraft, both from the standpoint of its flight characteristics and as to its suitability for deployment? Can we already make some comparisons with the A-10 which is also in use in Germany for the same mission, close air support?

Obleser: I don't quite understand where the dissatisfaction with the Alpha Jet comes from. The Alpha Jet has from the very beginning completely fulfilled the air force tasks for which it was designed. The Alpha Jet certainly has not yet been fully committed in the overall defense situation; the concept of "close support" comprises a much larger field than merely weapons effect in the immediate combat area--consider for instance its use against helicopters.

Comparison with the A-10 is not valid--it was designed for a different purpose, namely as a tank destroyer, a task for which it is admirably suited. The Alpha Jet will not be used in competition with the A-10. In view of its flight characteristics, especially its good maneuverability, it can be used where the A-10 can function only with difficulty due to antiaircraft defense and the use of enemy fighters.

Beyond that, we must get away from only considering one system at one time. The air war of the future will always be conducted with mixed units--in our scenario it is no longer conceivable that individual aircraft, or even individual types of aircraft, can be employed to good effect. Rather, the issue will be to use a variety of system carriers to enable the heavy weapons carriers to reach their objectives--ECM aircraft, medium and longer range interceptors, but also smaller aircraft for special tasks, such as neutralizing enemy defenses. These combined air operations will become the norm. The Alpha Jet's capabilities must be considered in this context also--it will be a most important and appropriate complement for our combat aircraft's mission spectrum. It will do so in an area which has been somewhat neglected to date: at low altitude with great maneuverability to accomplish tasks for which low-altitude aircraft have not been suitable to date.

WEHRTECHNIK: You are referring to the Alpha Jet's great maneuverability. Is maneuverability necessary for accomplishing the task or is it a form of protection?

Obleser: Maneuverability is needed for both--our experience to date indicates that even for a high-performance fighter it is not all that easy to down an Alpha Jet. But maneuverability is needed primarily against the increasingly threatening mass use of combat helicopters of the Warsaw Pact.

#### TKF: A Breathing Spell

WEHRTECHNIK: Things have been very quiet lately concerning the TKF, or ECA, as is known as a European Community project. Is that a good sign? Or does it mean that for the time being we plan to do without the TKF? What kind of plans are there at this moment concerning a pursuit aircraft for the 1990s?

Obleser: It is true that we have given ourselves a breathing spell concerning the TKF. But that does not mean that nothing is happening. The present breathing spell which started six months ago has been quite fruitful, but has in no way changed our thinking about the concept. An optimal air defense system, as the TKF is intended to be, is indispensable for us in conjunction with ground-based air defense. But some closer consideration must be given to the question of the TKF's configuration.

Here is what we are doing: for planning purposes, the TKF should replace the Phantom as of the middle of the 1990s. The aircraft should then remain in service for 20-25 years. None of us is in a position today to predict the detailed status of the threat, the military world and a possible air war. Will we need a STOL or a VTOL in order to survive? What flight performance will be required of the carrier as a result of weapons capabilities? All these are things which today are largely matters of speculation. Today it is therefore extremely difficult to separate desirable capabilities from those which are technically possible, from military necessity and from what will be justifiable. Much thought will have to go into this. At the end of the current breathing spell we will resume the request for replacing the F-4 again, and perhaps with new arguments.

WEHRTECHNIK: Does this mean that for the time being the F-4 will remain in service?

Obleser: That is one result--except that an aircraft cannot be kept in service forever, even though we are just now equipping it with new armament. Besides the Phantom is not particularly easy to maintain; it is relatively expensive to keep in shape.

WEHRTECHNIK: The Long Range Planning Commission is functioning under the chairmanship of the inspector general, General Brandt. You too are a member of that commission. Even though the commission has not come to any firm conclusion, may I still ask: what expectations do you have for your branch of the service from the commission?

Obleser: I do not consider it appropriate to give an opinion while the commission is still deliberating. The commission's task is a very difficult one because it deals with the long term. But all its members have high hopes of arriving at good results.



## Roland: No Valid Alternative In Sight

WEHRTECHNIK: During the arms debate last spring, the air force was the whipping boy and, by having to forgo the Roland, had to accept the bulk of the cutbacks. How do you expect to guarantee the security of our air bases without the Roland? Will there be a new concept of missile-supported air defense, and are you thinking about substitutes for Roland?

Obleser: The concept of a whipping boy is a very subjective evaluation! True, the decisions made in the arms debate were a blow to the air force, and particularly to air defense. But I wish to reemphasize that neither the commission nor the minister cancelled Roland--renouncing Roland was only the result of our recognizing that at present there are no financial resources for two air defense systems--a replacement for Nike and procurement of Roland. We had previously had long discussions in the air staff on which way to go, after it became obvious that we could not have both. It was clear to us also that we would in any case have to accept a reduction in combat capability. The decision--based on the assumption that only one system could be counted upon--to give up on Roland certainly was one of the most difficult ones I have ever had to make.

Thus we are today confronted with the situation that some of the bases from which we are to fight have inadequate air defenses. We are presently engaged in searching for organizational measures and technological solutions for at least a partial reduction of the threat. Whatever we have come up with to date is not terribly convincing. Nor will there be a basic change in this situation until funds can be programmed for it. Thus there is no fully valid substitute solution for Roland in sight at this time.

## The Manpower Situation: Not Dramatic

WEHRTECHNIK: A question concerning the manpower situation in the Air Force: are there any areas where things are tight; has the situation worsened or improved over previous years?

Obleser: At the present time we are even experiencing a slight upward trend, even among the draftees. As far as applications for officer training, it is in fact a rather significant upward trend. Things are of course tight whenever the air force is given additional tasks at the same time that the required personnel are increasingly difficult to find, both quantitatively and from the standpoint of training. The introduction of the new weapon systems for instance requires a much greater percentage of fully trained electronic technicians than was the case in the past. Here it is difficult to obtain personnel with appropriate training, but also expensive to train available personnel for the task. The situation is not dramatic, but it constitutes a problem. For the future, it may even be conceivable that under certain circumstances the air force may have to cut back on or even eliminate some tasks in order to implement mandatory new missions, e.g., in connection with "Host Nation Support."

## We Must Not Make Irreparable Mistakes in Economizing

WEHRTECHNIK: What do you consider to be the main tasks for yourself and for the air force for the next year and subsequent years?



Obleser: Among branches of service, the air force is probably more materiel and training oriented than any other. Three present financial limitations imposed on us on the one hand and the need for funds in air force-specific materiel areas on the other, plus inflation, put us in a bind which will for us be the problem of the future. For planning purposes, this is the case for 1982 with certainty; for 1983 it will very likely still be a deciding factor. It will thus be very difficult to do our job while on the other hand not losing sight of things which represent the maintenance of combat readiness for the future. We must attempt to preserve a functional air force despite a continuing reduction in financial and personnel resources. Simultaneously, we must take care that in adapting to the situation of the moment we do not make those things impossible which cannot later be retrieved if the situation changes. That will be one of the main tasks which the air staff will have to investigate very carefully in 1982. A decision which would be tantamount to reducing effective strength--and the air force is fully effective at present--cannot be corrected from one day to the next. I may be able to ground some aircraft--but I cannot simply send the squadron personnel home. Thus the "gain" would be relatively small. On the other hand, it is easy to procure available equipment on relatively short notice--but with aircraft this is a longer term process; it requires much more planning in depth. Nor can aircraft commanders be trained from one day to the next; it takes at least 5-6 years until a pilot is fully combat trained. All this makes it mandatory for us to use extreme care while cutting back and economizing, because mistakes, once they are made, take a very long time to correct.

#### Ansgar Bethge Interview

Bonn WEHRTECHNIK in German Dec 81 pp 24, 26, 28, 30

[Interview with Vice Adm Ansgar Bethge, Inspector of the FRG Navy, by WEHRTECHNIK Editor-in-Chief Wolfgang Flume, date and place not specified: "National Defense Is More Than Accomplishing A Statutory Obligation"]

[Text] The navy, like the other military services, is engaged in comprehensive preparations for the introduction of new weapon systems, e.g., a frigate, the Tornado, the 143A speedboat. Added to this is some concern caused by the shortage of financial resources, not only for naval materiel, but also for management and personnel. The inspector of the navy, Vice Admiral Ansgar Bethge, nevertheless provided in the following interview with WEHRTECHNIK, a fairly satisfactory picture of the navy, especially with respect to its combat readiness. But when Bethge says that in 1982 it will be necessary to find appreciation for the navy's justifiable demands, he is primarily addressing the manpower area. Here he has a certain concern for the attractiveness of navy service, for availability of draftees and extended service personnel. Publicity and recruitment will be a significant peacetime task for the navy next year, also for the purpose of demonstrating that national defense is more than just the accomplishment of a national obligation.

WEHRTECHNIK: Last March, when army, air force and navy were forced in varying degrees to accept budget cuts and therefore of their intermediate term force

planning, the word went around that the navy was "a contented branch of the service." Since then there have been cost overruns in frigate construction, cuts in development funds for the current and future years, training programs had to be cut for budgetary reasons; even duty travel can no longer be funded. Are you still the contented chief of a contented branch of the service?

Bethge: Contentment has nothing to do with the amount of money we have available; our contentment has to do, relatively speaking, with the equilibrium which enables us to be ready for any type of combat. Funding was not reduced during the March budget debate; this had occurred earlier, so that we were forced to accept cuts in navy procurement programs, e.g., of the antiaircraft defense missile system Roland.

As to the cost overruns in the frigate construction program which has recently been written about in the press: as far as the purchaser is concerned, it was found that he will have to pay an additional DM 60 million. That amounts to 2 percent of the total contract. That amount had already been incorporated in the financial program. We must bear in mind that these frigates were not being built according to a prototype. Rather, five shipyards received original blueprints so as to be able to start construction immediately; thus errors which found their way into the original blueprints were repeated five times. In itself this is an uneconomical procedure, which however had been decided by the cabinet; it is essentially the reason for the cost overrun.

You have also asked about development funds. Here we are indeed faced with an aggravating bottleneck. Development funds are not determined contractually as to amount; they are always brought into use when money gets short in other categories. Since in all procurement items we are contractually committed to specific amounts, we must make about 9-10 percent of arms contract funds available for this purpose despite cost increases. This displacement effect must therefore be corrected in an area where no contractual ties exist, and this unfortunately involves development funds.

Training programs had to be restricted in some areas for a few months. We have caught up with this in the meantime and it had no ill-effect on the navy's combat readiness.

#### Development of the Submarine Flotilla

WEHRTECHNIK: Admiral, you are saying that development funds for the current year have been cut. Does this not partially impact upon the submarine program? Could it result in a reduction of submarine forces?

Bethge: Concerning the improvement of the combat efficiency of the 206 submarines, we are currently meeting with the Norwegian Navy for the purpose of finding a common solution for the guidance and weapons deployment system. This will also influence further plans for a submarine with a power plant independent of external air supply, but we remain committed to the development of such a power plant.

This may entail a numerical reduction of our submarine fleet, for reasons of cost and manpower, because the new submarines will certainly be more expensive than the present ones. On the other hand they will be considerably more combat effective, thus compensating for the smaller number with increased combat effectiveness.

## Guaranteed Combat Readiness Despite Fuel Shortage

WEHRTECHNIK: Has the fuel problem surfaced for the navy also--have naval vessels remained in harbor that really should have been exercising at sea?

Bethge: Let me first explain the facts. As part of the economy measure, navy fuel allowances for 1981 had to be reduced by about 13 percent. This entailed a reduction of days at sea planned for 1981 by 13 percent also. As a result of this and by a reduction in training certain restrictions came about, especially during maneuvers in the second half of the year. German participation in NATO and bilateral exercises were partially cancelled or at least reduced. For the semi-annual joint fleet exercises known as Joint Fleet Standard Combat Training (SEF), the number of days at sea were reduced by about one-third for some units. Nevertheless, combat readiness is guaranteed. Shortfalls in sea training do of course cause training deficits, since combat training without joint exercises are incomplete. Such restrictions are acceptable for a short period of time, as long as some experienced personnel are on board. However, with the rotation of crews at the latest, the full training cycle must recommence if combat capability is to be maintained. Otherwise substantial shortfalls are unavoidable.

After the fourth quarter of 1981 the program requested by the fleet has been authorized on the basis of present planning data. And it appears to be secure for 1982 as well, since the amount of fuel requested by the fleet has been provided for and since the OPEC countries have declared that there will be no price increase in 1982.

WEHRTECHNIK: Then next year will be better than this year?

Bethge: That is correct.

## How Attractive Is Naval Service?

WEHRTECHNIK: From the manpower area, we hear buzz words such as assignment stagnation for officers; shortages of extended-service noncommissioned officers, fewer draftees and volunteers in view of low-birthrate age groups, etc. How attractive will navy service be in the next few years and what are your views of navy manpower developments?

Bethge: The attractiveness of serving in the navy depends primarily on the public image of a professional navy career. This in turn is essentially determined by the esteem accorded to the armed forces in our society. Independently of this, the image of a naval officer will be determined by especially high standards of leadership in the future also, as well as by his use of the most modern technology and, of necessity, by proving himself at sea. While the stagnation of assignments has a clear time limit and impacts primarily upon the older members of the active duty force, it impairs increasingly the job satisfaction of those concerned and has a negative effect upon service attractiveness.

What worries me more however in this context is the fact that the necessary assignment rotations will no longer be guaranteed, that an officer becomes superannuated in his job; that this constitutes a threat to the navy's combat readiness and that the personal capabilities of those concerned can be overextended. This requires urgent remedial action.

As to personal development of officers I might say that we are aiming for a relatively satisfactory condition of satisfying our needs. I am concerned by the question of whether toward the end of the 1980s we will be successful in recruiting replacements which will be required to balance the large number of retirements of career officers scheduled for that period.

The relatively favorable manpower development for soldiers and noncommissioned officers which existed in 1980 did not continue into the current year. The high entry quotas for extended service personnel (SaZ2 and SaZ4) in 1978 and 1979 in all branches of the service will result this year and next to correspondingly high separations which cannot be compensated for by new accessions. This results in an unavoidable deficit in this personnel category. The possibility of substituting more two-year obligated service personnel for these losses cannot be continued due to budget restrictions. We must also be increasingly aware of the fact that after 1983 the pool of obligated service personnel will decrease and that from about 1987 on it will be insufficient to ensure replacements for the armed forces.

WEHRTECHNIK: Not an easy task for you in the future.

Bethge: I feel that this is a task for the parliament. The shortfalls will be so severe that parliament will have to engage in new deliberations for satisfying these needs. We will do our part; but the possibilities at our command are not nearly sufficient.

#### Academy Graduates Prove Themselves

WEHRTECHNIK: The Bundeswehr service academies were established in 1973; their first graduates came on active duty in 1976 and 1977 and have thus been on board for 5 years. What is the approximate ratio in the navy between academy graduates having completed a curriculum in the arts versus those with engineering studies, and what is your judgment of the value of these men to the navy today and in the future?

Bethge: 57 percent of academy graduates on active duty or engaged in continued education have completed a curriculum in the arts, 43 percent in the natural sciences.

To determine the performance of academy graduates, the fleet conducted a survey in 1978 and 1979 among their superiors as well as among the young officers themselves. The results of the two questionnaires are almost exactly comparable. Graduates in their initial assignments are mainly lacking in practical experience, particularly in their leadership qualities and those of instructor and educator. The best performance is given by shipboard technical officers with engineering training. Incomplete general military and specialized military knowledge are remarked upon also. However, the main problem is the conversion of theory into practice. The weaknesses identified in the surveys are, insofar as they are of a practical nature, those of a novice in his occupation. To the extent that the survey had identified a lack of knowledge we are trying to correct this through appropriate training. Beyond that we can assume that with increasing experience the academy graduates will become more secure and independent and that their performance will equal that of their colleagues who have not had academic training.



In summary we might say that the graduates in initial assignments are performing exactly as well as did their predecessors, but that it takes longer for them to have that opportunity. Their education is an investment in the future. Our task will be to reinforce these officers' job satisfaction and to convince them of their opportunities for development in the navy to such an extent that as many academy graduates as possible will choose to become career officers.

WEHRTECHNIK: There has been a change too in the requirements for noncommissioned officers and enlisted personnel in combat units in view of increasing technology demands in almost all areas at sea and on land. Are you still receiving what you consider to be adequate, especially extended service, personnel in sufficient numbers?

Bethge: As a general rule, combat readiness of modern weapon systems can be assured with fewer personnel than was possible with first generation vessels. This is so because man is being relieved extensively from routine duties, e.g. by computers. He can therefore concentrate on filtering and evaluating of data and on essential decision making situations. This makes it obvious that the operators of such systems must be able to fulfill relatively high intellectual requirements.

With the complexity of weapon and guidance systems there is a concomitant increase of servicing and maintenance requirements. This is an additional reason for the need for more highly qualified personnel. To recruit such personnel will not be easy in the future either. That is why the navy has an extensive training program for draftees and retrains them for new occupations. This is especially true for electronic technicians.

Other specialties which require special efforts for replacement personnel are naval pilots and combat observers and shipboard technicians in military specialty careers.

#### The "Off-Duty Pilot"

WEHRTECHNIK: What progress have you made with "Project Man of Board," in other words the improvement in shipboard accommodation? Have there been cutbacks in this also?

Bethge: The funds for "Man on Board" are dispersed among several program items and to the extent that all program items are subject to reductions, these funds are impacted also. This project, which has been established with the participation of the crews, contains after evaluation of almost 1,100 suggestions, a package of 430 items which are to be implemented over the short, intermediate or long term. The latter two can, for technical reasons, be implemented only in major ship modifications or future new construction. For example, in designing new generation minesweepers, particular attention was paid to requirements for ergonomics and for better accommodations and living conditions.

About 140 suggestions are to be implemented for the short term during shipyard down times. Funds required for this presently amount to DM 52 million. To provide the program with a fast start, a package of 10 relatively simple improvements costing DM 18 million was identified and started in 1980. The tight budget situation has unfortunately had its effects on the implementation of this project also. The technical requirements for the preparation and implementation of on-board



modifications are almost complete and individual measures have been taken aboard approximately 40 vessels, for which DM 3.4 million could be found.

In addition we have projects oriented toward an improvement of relief and assistance in the navy. For this purpose the navy conducted in January 1981 a symposium on "Relief and Assistance." Additionally, the naval staff published and distributed to all personnel a memorandum entitled "Navy Relief and Assistance." Beyond that, the navy has initiated a trial project named "Off-duty Pilot" at the bases of Olpenitz, Flensburg, Wilhelmshaven and Kiel, designed to assure assistance to sailors on leave by a specially designated leave supervisor. First experiences are quite favorable.

#### Frigates Number 7 and 8

WEHRTECHNIK: Now for a few questions concerning naval arms procurement. The navy appears to be satisfied with test results to date of the frigate Bremen. Will there be a seventh and eighth frigate of that class, or has this subject been retired, perhaps already in anticipation of the frigate 90?

Bethge: The operational trials of the frigate Bremen which have been in progress since June 1981 have indeed been satisfactory in every respect to the navy. Remember however that a great number of operational tests is still outstanding, especially in the weapons and fire control areas.

As far as planning for the seventh and eighth frigates is concerned, it is well known that during the arms budget debate last spring a postponement was decided upon. The two vessels will therefore be delivered in 1989 and 1990. The navy is still observing that timetable.

WEHRTECHNIK: Will these ships still be identical with the Bremen?

Bethge: We are certainly planning for this, so as to have a standardized series.

#### Frigate 90

WEHRTECHNIK: Another question about frigate 90. What ideas does the navy have about this vessel? Will there be joint planning and joint procurement with the NATO partners?

Bethge: The navy is cooperating closely with NATO partners Canada, France, Italy, Netherlands, Great Britain and the United States in the development of a common frigate for the 1990s. In a NATO-wide deployment of this vessel there will be certain differences in task objectives, caused among other things by the variety of operational areas and threats. The primary mission of our frigates in the North Sea and its contiguous bodies of water is to protect, together with the NATO partners, the sea lanes which must be used for transporting reinforcements, resupply and support. The mission and the operational region therefore require endurance at sea and all-weather combat capability of these vessels as well as a capability for rapid concentration of forces. Even though joint development provides primarily for a submarine hunter frigate, there must be emphasis on antiaircraft armament appropriate to the high level enemy air threat which exists in our operational area. Beyond protecting themselves, our frigates must be able to protect other units also against the threat from the air.

Despite certain differences, it appears possible to build a common platform which would accommodate the variegated requirements of the different nations by incorporating modular construction techniques in the weapons and fire control areas. Prior to deciding on joint procurement we must await the results of a feasibility study which is currently in progress and which is being conducted by an international group of shipyards and armament factories. Their evaluation will enable the nations to make decisions about their future participation in the development and procurement phases. Our navy is firmly faced with the question of replacing the destroyer classes 101 and 103B at the end of this century.

#### Combat Minesweepers

WEHRTECHNIK: Big shipyards and other big enterprises are bidding for contracts for the new generation combat minesweepers. This has understandably caused annoyance among the smaller and medium sized shipyards which have built vessels for the FRG Navy to date. Is the navy able to influence the choice of shipyards or is it interested only in the final product, regardless of its builder?

Bethge: The choice of contractors as well as the allocation of contracts to industry are, as you know, the prerogative of the armaments sector. In its capacity as the consumer, the navy is interested in seeing that the product has the requisite quality for accomplishing the mission and for cost effectiveness, so that we will be able to afford a well-balanced fleet in the future also. The armaments sector is aware of this, and this will also be a consideration in signing contracts for the new generation of minesweepers.

Apart from this it is important to consider maintenance factors in choosing a shipyard or shipyards for minesweepers. The construction shipyard should also be the repair yard for the combat minesweepers. It should therefore have the requisite knowhow for storage and interim servicing for naval vessels and not be located too far from the home base of the combat minesweeper squadron. At the location of the shipyard there should be sufficient quarters available for crews of vessels in drydock, such as are already available at several shipyards. For valid reasons there should be, in case of crisis or international tension and of course in a defense situation, a second repair shipyard located in the North Sea areas for the new minesweepers.

#### Combat Capability Replacement 148

WEHRTECHNIK: The 148-class speedboats will also have to be replaced in the not too distant future. Has a solution been found concerning clarifications of the various options for replacing the 148 combat capability?

Bethge: the 148-class speedboats will have been in service for about 20 years in the early 1990s and will by then reach the end of their usefulness. Investigations into the replacement of the combat capability of these 20 boats are currently in progress. The formula "combat capability replacement" clearly indicates that replacement of these boats does not automatically mean procurement of 20 new speedboats of traditional configuration. Tactical, operational, technological and economic factors, as well as projections of manpower for the 1990s play a role in considering combat capability replacement along with conventional displacement boats, hydrofoil boats, hovercraft, helicopters and coastal missile batteries.

We need a weapon system which, apart from great flexibility, has the capability for quick concentration of forces in the Baltic and part of the North Sea. For a floating weapon system, this means, among other things, seaworthiness, appropriate speed and a much smaller crew than that of today's speedboats. Essential objectives for the armament and guidance sector will be increased range, improvements in the EloKa [electronic warfare] component and a further shortening of system reaction time.

#### Naval Aviators Get the Tornado

WEHRTECHNIK: Next year your naval aviators will take delivery of the first Tornados--even before the air force does. How are the preparations progressing?

Bethge: The Naval Aviation Squadron 1 in Schleswig-Jagel will be the first unit to be reequipped with the Tornado weapon system. Basic prerequisites for operational flying will be accomplished by the time the first aircraft is delivered to the squadron, on 1 July 1982. Preparation is proceeding according to schedule. This consists of retraining of flying personnel and crew assembly at the tri-national Weapons School in Cottesmore, England. Thereafter there will be national weapons training with the air force in southern Germany. Technical maintenance personnel will receive familiarization training with the new system in a great variety of classroom lectures and practical exercises with industry and at air force training centers. The requisite changes in infra-structure have already been initiated; some parts will only be completed while the system exchange is in progress, for reasons of planning expediency. Critical inspection, which for me is the most important thing, demonstrates no obstacles for the planned reassignment of the unit. This includes full technical and tactical-operational use of the system in its proposed naval function.

#### Navy Headquarters (MHQ)

WEHRTECHNIK: About one year ago the first part of the MHQ started to function. Have your expectations for this command information system been fulfilled? When will the entire system be operational?

Bethge: The first step consists of the protective building containing an electronic data processing installation which provides electronic data processing supported operation of the long distance message center to a large extent and that of the operations center to a lesser extent. Development of step 2 is in progress, to provide the real-time situation and data exchange between the MHQ and, for instance, units at sea or the air defense organization. We had the opportunity for practical tests of step 1 and for subjecting it to heavy loads in a series of maneuvers. This provided important data which have not yet been fully evaluated.

Through this operational use, improvements have been made in the cooperation between the eventual military users and the representatives of defense technology and industry who are developing the system; the need for this was thus demonstrated even more clearly. I am convinced that joint efforts between the military and the defense technology sector will be successful in making the second step of the MHQ operational as well, with the result that after 1983 the entire system for the support of operational command of the fleet will be functional.

## Many Tasks for 1982

WEHTECHNIK: What is in store for 1982--what will be your main preoccupation?

Bethge: Public relations and recruitment must, in view of an increasingly critical public, prove that national defense is not merely compliance with a legal obligation, but that beyond that it represents service by responsible citizens who recognize that life in freedom and personal welfare can be maintained only by personal contributions to the common welfare. Public relations and recruitment are thus essential peacetime tasks for the navy in 1982.

Our goal will be for the public to show the navy greater attention and understanding than has been the case to date. The public must realize that the navy, by its continuous and adequate presence, makes an essential contribution to deterrence against an attack on NATO territory and against the economic interests of the FRG and that it thereby contributes to the maintenance of peace. That is why detailed information about the navy must be accurately publicized. The objective is to provide information on the navy man, his responsibilities, his training, his occupational advantages and hard work, and to gain recognition for him. In the area of internal guidance, i.e., leadership, welfare and assistance, the navy must maintain its high standards and develop them further. The climate prevailing in day-to-day operations contributes especially to service attractiveness.

We are experiencing a considerable wave of modernization with the introduction of the new frigate with its own helicopters; the new speedboats and the other boats with their remote control guidance systems; and the introduction of the Tornado into naval aviation. This new generation of weapon systems introduces new technologies into the navy which require new operational techniques. This makes particularly heavy demands upon the areas of training, logistics and operational readiness. It is necessary to integrate the new weapon systems into the navy with a minimum of friction. In other words, the years of massive procurement must be followed by consolidation within the operational use phase. Beyond that, a long-term development program must be initiated, especially in the minesweeper forces and the submarine flotilla, which will project its effects well into the next millenium. Only in this way will we be able to make sure that we will have weapon systems adequate to the threat 20 years from now. This necessity and the restricted resources which are available can be made compatible only with difficulty. The restrictive dependence on funds has made itself felt particularly during the past year and will continue to exert a decisive influence on our programs for many years to come.

Just as important, if not even more so, will be the consideration of manpower shortages which we will experience within a few years. During the year 1982 it will be of particular importance to show tenacity in obtaining recognition for the navy's justifiable demands.

9273

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## DEBATE ON 'DAGENS NYHETER' ARTICLE REPORTED

## Defense Minister's Criticism

Stockholm DAGENS NYHETER in Swedish 12 Dec 81 p 6

[Text] "The Swedish Armed Forces do not expect to cooperate with the NATO defensive alliance." That was the assurance given by Defense Minister Torsten Gustafsson (Center Party) in a new debate on Swedish neutrality in the Riksdag on Friday.

Previous debates in the First Chamber during the fall were concerned with the defense minister's own controversial statements, but now it was an interview on defense in DAGENS NYHETER on 1 December which was the subject of debate.

Torsten Gustafsson was attacked by Oswald Soderqvist, of the Communist Left Party, who asked who was responsible for the impression given in the article of Swedish cooperation with NATO on defense.

"The officers implicated in that connection do not corroborate the headline, the introduction or certain parts of the article where the writer was only speaking for himself in presenting opinions," Defense Minister Gustafsson said.

In the article, Col Lars B. Persson, the commander of the air force wing in Lulea, was quoted as saying that the Swedish Armed Forces must hold out for at least 7 days. "Then NATO will have brought up such large forces that the whole undertaking will become altogether too uncertain for the Soviet Union," Persson said in the interview.

Oswald Soderqvist indicated that the statement in the interview was in direct conflict with the Defense Committee's declaration on Swedish neutrality. Torsten Gustafsson himself referred to the declaration that Swedish security policy implies freedom from alliances in peacetime and striving for neutrality in wartime. Therefore our defense planning is based on the idea that we should be able to respond to any military threats, no matter where they come from. Oswald Soderqvist was surprised that the defense minister "lined up beside the high-ranking military personnel and supported them."

"It is revealing that the defense minister chooses to believe the high-ranking officers and not journalists. That is an easy way out--to put the blame of journalists. But this is a serious matter, and there has been a bit too much such talk from the Defense Minister in recent times," Soderqvist thought.



Soderqvist said it would be "meaningless" to continue the debate since the defense minister was being evasive. Torsten Gustafsson felt that the debate resulted in "some sliding movements," and that caused him to believe he ought to declare that the government still has great confidence in the leadership of the armed forces.

#### General Defends Points

Stockholm DAGENS NYHETER in Swedish 12 Dec 81 p 6

[Article by Jarl Ingvar Andersson: "Air Force Gen Bertil Nordstrom says, 'I Was Quoted Correctly'"]

[Text] "I was not pulling any chestnuts out of the fire under the eyes of the Defense Ministry where my participation in the 1 December DAGENS NYHETER article on air defense in the north was concerned.

"On the points where I was quoted, what I said was reported correctly."

That is what Air Force Gen Bertil Nordstrom, the chief of staff of the Upper Norrland Military District, said. In yesterday's debate in the Riksdag between Defense Minister Torsten Gustafsson and Riksdag member Oswald Soderqvist (Communist Left Party), the defense minister said that the officers who had been interviewed and were quoted in the article disagreed with what the article said.

Bertil Nordstrom feels that the DAGENS NYHETER article was correct except where the argument that a war should be waged for 7 days is concerned.

"On that, the headline and the introduction give a completely erroneous picture of our planning," Bertil Nordstrom says. "Instead, I pointed out in the article that if we manage to bring our formations up, I think that we have a good chance of putting up a tough defense."

#### An Example

In the DAGENS NYHETER article of 1 December, the commander of the Norrbotten Air Force wing, Col Lars B. Persson, was also interviewed. In the article, Lars B. Persson said that it was the armed forces' aim to hold out for at least 7 days until NATO managed to secure its position in Norway.

"That is not my opinion," Colonel Persson says. "The headline and the introduction gives an erroneous impression of our defense planning.

"A 7-day war is only one of many examples of how a war might develop. There are a great many variants on which one can speculate.

"I also explained this to the defense minister," Lars B. Persson said.

Peter Bratt, the journalist who wrote the article about a 7-day war, insists that Colonel Persson said what was reproduced in the article.

"In my notes from my interview with Colonel Persson, he says that 'the amount of time involved will be 7 days. It will take that much time for the United States to

bring over a big enough force to make it very difficult for the Soviets to deal with them after having fought us. Our mission is to produce such forces to delay their operations, so that they are no longer meaningful.'

"It is out of the question that I could have misunderstood what he said," Peter Bratt says.

#### A Longer Time

Bratt also said that the interview did not deal with any other possible threats.

"When I discussed the matter with Nordstrom, he thought that it could take considerably more than 7 days--even up to a month--before NATO could manage to reinforce Norway so effectively that the Soviet Union would not be able to take it," Peter Bratt said.

Bratt also asked the air force staff about a 7-day war and was told that studies and war games showed that both Persson and Nordstrom could be right.

"The explanation for the big variation in amounts of time that I got from the air force staff was that there is a difference between theory and practice," Peter Bratt says. Perhaps formations move more slowly in war games than in actual practice.

#### Time Scenario Defended

Stockholm DAGENS NYHETER in Swedish 12 Dec 81 p 2

[Editorial by Olof Santesson: "Fight for 7 Days"]

[Text] "The picture DAGENS NYHETER gave of Swedish defense planning was biased and erroneous." That is how Defense Minister Torsten Gustafsson commented in a 1 December DAGENS NYHETER article on the Swedish Air Force and in the Riksdag on Friday concerning the defense of upper Norrland.

The defense minister stated that the commander in chief and the top leadership of the armed forces disagree with what the article said: "The officers implicated in that connection do not corroborate the headline, the introduction or certain parts of the article where the writer was only speaking for himself in presenting opinions."

What the discussion is chiefly concerned with is the statement by a colonel and air force wing commander that, in case of a Soviet attack in upper Norrland, the Swedish Armed Forces would have to be able to fight "for at least 7 days": "By then NATO will have brought up such large forces that the whole undertaking will become altogether too uncertain for the Soviet Union."

The officers interviewed in the article hold leading positions. A wing commander would be a major general and a deputy chief of the Defense Staff. The other man, a major general and chief of staff in the Upper Norrland Military District, has been a member of the operational command of the Defense Staff. The excitement

is understandable if people are going to take the passage about the "7 days" as evidence that the Swedish military calculate that after an initial, week-long period of combat we will be fighting side by side with NATO, and are simply planning on that basis.

When one realizes that those officers were trying to imagine how the Soviets would reason in this situation, however, the whole thing becomes much less remarkable. If the purpose of an imaginary Soviet attack is to penetrate into northern Norway through Sweden, the question, as far as the Swedish Armed Forces are concerned, is one of being able to fight long enough that the Soviet objective is not achieved--so that NATO, for its part, is able to build up its defense forces in Norway in the meantime! Then, in the best scenario, the Swedish Armed Forces may have deterred the Soviet Union from even trying to attack Sweden in an initial stage of a conflict. It is the duty of the military to imagine various possibilities which conceivably could happen in case of war--like the present instance--so that they can prevent them from happening.

The general, who had the article read to him, does not consider that he was misquoted in DAGENS NYHETER. The colonel did not ask to be permitted to become acquainted with the contents of the DAGENS NYHETER article in advance. No spontaneous protest from him has reached the newspaper. It would have been fine if the defense minister, instead of accusing others of misquoting, had, himself, contributed to making clear how Swedish defense planning must be carried out in practice.

9266

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## RRV REPORTS CIVIL DEFENSE AGENCY DEFICIENCIES

Stockholm DAGENS NYHETER in Swedish 12 Dec 81 p 5

[Article by Thorsten Engman: "Civil Defense Criticized Sharply"]

[Text] Civil Defense is not carrying out its mission. That is the conclusion of the RRV (Government Audit Agency) after studying the Civil Defense rescue service. The agency criticizes both the management of Civil Defense and the county managements' defense units sharply on a number of points. Civil Defense chief Gunnar Gustavsson, on the whole, concurs with that criticism.

The RRV's criticism is primarily directed against deficient planning, deficient training, poor communications between different sections and agencies and the fact that recruitment of personnel and the procuring of materiel "have not been carried out with regard to the rescue service's actual needs and have been distributed to counties without taking into consideration the question of where they are most needed in the country."

According to the RRV's investigation, this serious situation involving improper distribution of the rescue service's resources results from the fact that Civil Defense only filled vacancies--to the extent that was possible in times like these, which are tough ones from the recruiting point of view--without finding out what the actual needs were.

An example of this is the reorganization of the rescue service in view of the fact that the former idea of mass evacuation has now been abandoned, and many people are going to stay in the vicinity of their homes and jobs. According to the RRV, there is danger of a very serious improper distribution of people and material in some counties.

#### Overestimation

According to the RRV, the poor planning within Civil Defense has resulted in the Civil Defense management's inability to control that organization's activities in such a way as to obtain the best possible results. A great deal too much time and energy have been expended in rectifying mistakes which were made in the mid-seventies at the time of the transition to a new wartime organization: Organization 80.

The new organization set goals which were too high in relation to their resources. After the transition, it turned out that Civil Defense's resources, regarding both people and material, were not really as large as the decision makers had believed.

Another serious deficiency in Civil Defense planning is the fact that the county administrative bodies, which would be in charge of activities in time of war, do not have enough influence over planning. The poor communications situation is also reflected in the fact that various Civil Defense sections are working on the same task.

The Government Audit Agency states that Organization 80 is considerably weaker than the old organization was when it was done away with in 1975.

#### More Money

"I think it is a good report," says Gunnar Gustavsson, the director general of the Civil Service administration in Karlstad. "Now we have a chance to correct mistakes, although we had discovered a good deal of what the auditors' criticism deals with ourselves and had already begun working on it even before the investigation got started.

"We realize that an altered basis for the assignment of priorities for our scanty reserves is needed. On three different occasions, we have pointed out to the government that we must get increased resources if we are to be able to attain the objectives indicated for Organization 80. And we can only hope that the Defense Committee's proposal for an increased appropriation will go through," Gunnar Gustavsson says.

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## CONSERVATIVE PARTY MP HITS SDP FOOT DRAGGING ON JAS

Stockholm SVENSKA DAGBLADET in Swedish 22 Nov 81 p 2

[Article by Margaretha af Ugglas (Conservative Party): "The Social Democrats' Shattered Nerves"]

[Text] The Social Democrats' action on the question of defense is characterized by distressing inability to make a decision and by partisan tactics.

Where the future of the air force is concerned, they continue to choose to have no opinion. Despite the fact that the question of a successor to the Viggen has been prodded and bloodied and analyzed for years and years, the Social Democrats think more of a foundation is needed.

When the nonsocialist members of the Defense Committee brought the matter to a head by asking people to make up their minds, and agree upon a Swedish-produced combat aircraft, the Social Democrats chose to abstain from expressing an opinion. Their vote was a statement that they had no opinion.

Just as deplorable, in the final analysis, were the reversals of position the Social Democrats made on the question of peacetime organization. After participating in an ambitious and positive way in the special work group for peacetime organization questions which was appointed by the Defense Committee, the Social Democratic group's nerve deserted it in a rush. The work group achieved unanimity across party lines, but its proposal regarding unit composition and discontinuation was not to be dealt with any longer and accepted in its entirety by the Defense Committee! The proposal should only be accepted in principle.

That retreat was not enough one week later. Now a paper was to come out whose purpose was, with reference to social grounds having to do with compulsory military service, to open up possibilities for the retention of a few of the units which were threatened with discontinuation.

Without going into the far-reaching question of the proposed changes in peacetime organization here, there is reason to believe that, if the work group's proposal is not put into effect, the savings within the framework of the defense program which were foreseen by the commander in chief will not be implemented. The consequence of such a situation would be either that the defense program's framework would have to be increased or, in practice, funds for military materiel and refresher training would have to be taken away from other components of the defense

budget. Then the defense program would fall into exactly the same situation as existed during the 1970s--that is, defensive capability and effectiveness of the armed forces' wartime organization would deteriorate.

The framework for the military defense program proposed by the Social Democrats, which provides for 400 million kronor less than the commander in chief's program plan, provides no marginal funds to cover impaired chances to effect economies. On the other hand, the Social Democratic Party openly declared that the defense program's framework should also contain approximately an additional 400 million kronor for improved social benefits for draftees.

What is more, the Social Democrats are laying down conditions for their taking a position regarding the defense program itself. They are saying that it may need to be reconsidered if the nation's financial situation calls for it.

The Social Democrats' position, or rather their lack of a position, naturally allows a considerable amount of space for tactical maneuvering. The JAS question, and the aspects of that question which are concerned with employment policy in various parts of the country, can now be hammered at for months. The weakness of the written material put out by the Defense Committee on the question of peacetime organization amounts to an invitation to another raucous controversy and gives the Social Democrats the opportunity they seem to want to carry on local political maneuvering.

This view may seem harsh, but in the present situation there is reason to believe that the Social Democrats are letting partisan tactics take precedence over reasonable considerations of defense and security policy.

It is worthy of note that the Social Democrats are doing that in a situation where the situation in regard to security in the world around us emphasizes the need for a stronger Swedish defense program.

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